Daily Report

East Europe

FBIS-EEU-92-241
Tuesday
15 December 1992

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Zhelev Says Cabinet Crisis Threatens Democracy

AU1512082492 Sofia BTA in English 2125 GMT 14 Dec 92

[Text] Warsaw, December 14 (BTA)—In an interview for the Polish daily RZECZPOSPOLITA, President Zhelyu Zhelev of Bulgaria says that the ongoing cabinet crisis, which may grow into a parliamentary crisis, poses a serious threat to young Bulgarian democracy. He sees another great danger in the confrontation policy line of many political parties. President Zhelev sees an external threat in a possible spread of the Yugoslav conflict to Kosovo and Macedonia. The problem is complicated not only because of ethnic tensions in the Balkans but also because the European Community is not yet clear about the mechanisms guaranteeing collective security, Dr. Zhelev believes. Regrettably, the tragic experience of Yugoslavia shows that violence can only be stopped by force, the Bulgarian head of state points out. If a year and a half ago NATO or another military formation under the auspices of the United Nations or the CSCE had nipped the Yugoconflict in the bud, many human lives could have been saved, monuments of culture spared and enormous damage to property prevented.

Further on in his interview, Dr. Zhelev discusses Bulgaria's foreign policy, stressing that its top priority is the earliest possible integration with all principal European structures.

Filip Dimitrov Interviewed on Cabinet Crisis

AU1512093892 Sofia DEMOKRATSIYA in Bulgarian 10 Dec 92 pp 1, 6

[Interview with Filip Dimitrov, outgoing prime minister, by Ilya Damyanov; place and date not given: "One Is Never Sufficiently Prepared for Winter and for New Elections"]

[Text] [Damyanov] The majority of Union of Democratic Forces [SDS] supporters did not understand well enough why the government had to ask for parliament's vote of confidence. I am convinced that you had good enough reasons for doing so, but in view of the rather succinct explanations, the communist propaganda had no difficulties in promoting the idea about the SDS voluntarily giving up the government for no particular reason.... Are you in a position to explain which of the problems you discussed with the Rights and Freedoms Movement [DPS] made every political compromise impossible?

[Dimitrov] The question about the reason for the confidence vote was raised on several occasions. Naturally, it cannot be isolated from the context of the overall situation. The SDS adopted decisions related to the missing guarantees for loyalty on the part of the DPS. It was our wish to avoid unclear and ambiguous elements in our relations, which were likely to further confuse the existing situation.

As a matter of fact, several possibilities emerged as a result of the two recent SDS conferences. One of them was the idea that the parliamentary situation had changed, in which case no persuasions or pledges whatsoever would be of any use, considering that we had just become a minority....

The other possibility was the idea that we are subject to a certain amount of pressure, which we should resist by showing the limit of our readiness for compromise. The possibility that someone may have been mistaken, may have misunderstood the situation, in which case a better explanation and more open stands would clarify things... was also discussed.

The series of events that led to the confidence vote is well known; a massive attack against the SDS had started. In my speech of 18 September 1992, I pointed out that the attempt to overthrow Mr. Savov from the post of parliamentary chairman was nothing but a prelude to overthrowing the government. Even the blind could have seen that. This was immediately followed by General Asparukhov's great lie. It was unmasked on the occasion of a meeting with the president. However, newly forged manipulations were further concocted on its basis. Perhaps you remember that a decision to refrain from any comments on General Asparukhov's statements, in view of preventing the country's national interests from being affected by unjustified fanning of the subject, was announced at that time, which also applied to myself. On that same day, however, General Andreev started telling everyone that my adviser, who was allegedly involved in an arms trade business, had been in Macedonia. Naturally, I reacted to this because all these things called for clarification. After the president's interview, when he declared that he had made a compromise with his conscience and with the national interests, I demanded that the work of the National Intelligence Service should be examined. Instead of doing so, the National Assembly, with the joint votes of the Bulgarian Socialist Party [BSP] and the DPS, decided to hold a meeting behind closed doors. The meeting, thanks again to those joint votes, being unable to accuse me or the cabinet of any security breach, reprimanded us for "failing to take advantage of opportunities." This was actually an act of bringing the cabinet to its downfall, which forced us to demand the confidence vote, considering that no one would have talked to us any longer.

[Damyanov] The SDS is currently facing an exceptionally important dilemma: Should it proceed toward elections or accept the proposal of the 56 SDS deputies for new negotiations with the DPS with the purpose of forming a coalition cabinet under the DPS mandate. What are the "pros" and "cons" in your opinion?

[Dimitrov] The SDS, with the support of the DPS, could continue to govern the country, but it is more important to ask: At what price, or under what conditions? Nevertheless, my impression is that everyone's greatest concern seems to be how to get through the winter. It seems that the majority of people in their forecasts accept the

possibility of 1993 elections as an accomplished fact. If this is so, I do not understand why winter elections should be avoided at all costs. Elections should be held whenever it is time for them. As a matter of fact, one is never well enough prepared for the winter and this also applies to elections. (He laughs).

The question is what should actually be done to consolidate our continuing political stand. The SDS should answer this question under the DPS' mandate....

[Damyanov] Do you already have any answers to this question?

[Dimitrov] I would say that it is being discussed....

[Damyanov] The SDS suffered a series of blows from its parliamentary partner. After the no-confidence vote on the cabinet, the majority of the SDS electorate regarded the very compromise on new negotiations as a humiliation. Is there a danger that the current "make-up examination" is likely to further exhaust the public confidence credit of the SDS?

[Dimitrov] The SDS really suffered some blows from its coalition partner, and it is true that numerous people were affected by this situation. I would like to stress that this is due to the people's doubts about the loyalty of the DPS on the grounds of its recent behavior. People are really under the impression that the DPS cannot be trusted.

[Damyanov] Was the DPS behavior on the occasion of the government's failure unexpected?

[Dimitrov] It was expected as one of the possible options in the development of our relations with the DPS. It could have been expected, but I think that what made people resist further negotiations with the DPS was their feeling that the partner could not be trusted, and hence, such negotiations were useless. Even if a government could be formed, it would produce more negative than positive results, considering that one could no longer rely on one's partner.

As far as the "make-up examination" is concerned, there can be no question of any "examination." The expression is an act of insolence in itself, and if the gentlemen from the DPS amuse themselves in the role of our teachers, we can hardly take them seriously.

[Damyanov] Should this mean that new mutually acceptable formulas and proposals should be adopted in connection with the forthcoming SDS-DPS negotiations?

[Dimitrov] This question will be examined, but negotiations should not go beyond the limit of tolerance for the SDS.

[Damyanov] Where would you draw the line of compromise?

[Dimitrov] It is difficult to answer this question in one sentence, but whatever the circumstances we should be guaranteed that the principles by which the SDS ruled the country over the last year should be observed, and that the prestige of our union should not be affected to the extent of spoiling our chances for the next elections.

[Damyanov] Is it possible that the chief members of your cabinet would agree to participate in a future coalition government without any objections?

[Dimitrov] I consider this assumption quite unrealistic. I say so because I consulted several of them during the prolonged period of the confidence vote. Naturally, one should envisage alternatives. I also submitted for discussion the alternative of forming the same cabinet without myself as prime minister, but the proposal was categorically rejected for numerous, well-founded reasons.

[Damyanov] Do any hidden promoters of the provoked government crisis exist?

[Dimitrov] They are quite evident. The SDS is striving for real change. This affects the interests of various individuals and formations who are trying to seize control outside the state institutions.

[Damyanov] Are you talking about aspirations toward a new dictatorship?

[Dimitrov] I would not define it as such. Napoleon once coined a phrase, which I would translate in the following manner: "I shall bend the law in order to preserve justice." However, history shows that whenever you bend the law, nothing remains of justice. Hence, people who are trying to subject the state institutions to some vague formations, or projects, such as "economic groups," "trade union agreements," and so forth, can hardly contribute to democracy. Various elements are all part of this mixture, such as: People who cannot resign themselves to the change of the system, because they realize that it deprives them of the opportunity to exercise uncontrolled power; people who need chaos in order to extort illegal profit, and people who cannot achieve anything under democracy, by legal means, or through national elections, and therefore seek access to power by different methods.

[Damyanov] Some members of the SDS Parliamentary Group today openly insist on revising the stand on negotiations with the DPS. Who prevails, who is expected to prevail—the narrow party interests, or the interests of the SDS as a coalition?

[Dimitrov] Certainly, many people are genuinely convinced that an easy solution can be reached. The formula that power cannot be simply given up, that power should not be ceded, is often repeated... but there is also something called parliamentary arithmetic. Either you are a majority, or a minority. It is certainly very painful for anyone to realize this fact.... On the other hand, should the search for a partner become submission? It would be a perversion to subject 110 SDS deputies to 24

DPS parliament members. Hence, we reached the conclusion (which is shared by the majority of SDS members) that partnership is all right, coordination of stands is also fine, respect for the partner's opinions and specific interests is also correct, but we should never make compromises likely to affect the image, the nature, and the credo of a political force that has earned the vote of its electorate.

[Damyanov] It is more than obvious that the BSP candidate will never be approved by parliament. Are you working on any ideas about further SDS-DPS relations?

[Dimitrov] Of course, but I refrain from any comment for the time being.

[Damyanov] Some SDS leaders recently expressed negative opinions about you in print. Nevertheless, it is not clear whether this is their personal view, whether they are speaking on behalf of their parties' electorate, or perhaps even partly on behalf of the SDS National Coordinating Council? Your silence on the subject is also puzzling, could it be interpreted as "guilt?"

[Dimitrov] Look, no politician speaks only for himself. Willingly or unwillingly he speaks for those he represents. If he commits them to a wrong cause, he pays for it sooner or later. If they agree with him, it means that he is entitled to speak. This is the art of knowing what one is permitted to say.

As far as my own silence is concerned, I think that we should limit ourselves to subjects that are of some importance for the SDS' political actions and to sensible and serious matters. My silence is no expression of guilt. I simply wish to prevent my friends and supporters from making mistakes. I can only help them by trying to avoid mistakes on my part, thus preventing a chain reaction.

BSP Leader Justifies Nomination of Boyadzhiev

AU1512093392 Sofia DUMA in Bulgarian 11 Dec 92 pp 1, 8

[Interview with Nora Ananieva, chairman of the Bulgarian Socialist Party (BSP) parliamentary faction, by Dora Chichkova; place and date not given: "Despite Mistakes, Parliamentary Alliance for Social Democracy Proposed Worthy Political Position"]

[Text] [Chichkova] According to one article, the move made by the Bulgarian Socialist Party [BSP] through Petur Boyadzhiev checked the Union of Democratic Forces [SDS], the Movement for Rights and Freedoms [DPS], and Bulgaria. Do you think that in the final analysis it also checkmated the BSP itself?

[Ananieva] Our mandate gave rise to various articles. Most of them tried to split hairs, i.e., tried to find some concealed moves and intentions. Our attitude toward the constitutional mandate was clear, open, and responsible from the very beginning. We seriously worked out a formula for governing, which we proposed, and began to seek a suitable candidate. I see the incorrect interpretations not only as a sign of malice, but also as a sign of insufficiently consolidated democratic political culture in this initial phase of our new development. Making every effort to look for "sly scenarios" and deceptive moves is one of the characteristics of this immaturity. Precisely in the case of the mandate of the Parliamentary Alliance for Social Democracy [PSSD], there were no secret moves. If there is even one iota of truth in the claim that the BSP checked the SDS and the DPS, then I could agree only if those two parties, anticipating a variant that would be easy to reject, definitely found it difficult to absorb the national consensus formula that is coming to be accepted by increasing circles of the population. In this context, the success of our mandate lay in proposing the national consensus idea and in nominating people outside our party and coalition who had declared themselves ready—unconditionally or with certain conditions—to translate this formula into specific policy.

[Chichkova] Some deputies who supported the candidacy said that they feel they have been deceived. Actually, how did you decide on proposing Mr. Boyadzhiev?

[Ananieva] None of our deputies should think that he acted under external influence and suggestion. I understand their bitterness—I share it—that perhaps our credulity prevented us from checking our candidate's judicial and constitutional qualifications more thoroughly. As far as the persons are concerned whom we offered our confidence—none of them was selected by chance. Their names were proposed after much consultation and deliberation. They are a result of the already established broad contacts of the BSP with practically the entire extraparliamentary opposition. We took into consideration the proposal of the Alliance for Bulgaria Party to discuss the possible candidacy of Mr. Petur Boyadzhiev, despite the fact that in this party's leadership there are other people who also enjoy our confidence.

[Chichkova] Usually, in such cases the following act is called "Who Is To Blame?" Some people compare the situation with the one that existed in August 1991. Do you expect internal party tension, calls for resignations, and a loss of voters?

[Ananieva] Naturally, it is necessary to analyze our activity in implementing the mandate and recognize our mistakes clearly. It is precisely this analysis that will allow us to find the balance between our achievements and failures. No analogies are appropriate in this context. The first discussions within the parliamentary faction show a tendency to arrive at a balanced assessment without unnecessary drama and without creating unnecessary tension. This assessment will be developed at the next meetings of the parliamentary faction. We shall hide nothing. Precisely such a comprehensive, open, and honest approach, sincere dialogue with our voters, and painful acceptance of responsibility is more necessary than ever before, regardless of the fact whether the elections take place next month or next year. The entire

history and hysteria surrounding our constitutional mandate contains the bitter truth about the state of democratic processes in the country.

[Chichkova] After the refusal of Zakhari Karamfilov there was a proposal to return the mandate or to propose a Socialist for the post of prime minister. While this proposal received weak support at the plenum last week, it is now gaining increasing support. Is it possible that the BSP Supreme Council and parliamentary faction will reassess this?

[Ananieva] Reassessment along the lines of "what could have happened if..." might have some value if a strategy and tactics for similar action in the future are worked out. Regarding the idea of returning the mandate after Professor Karamfilov's refusal—even now this idea cannot be seriously supported. Was this not precisely one of the intentions of those who opposed us, namely, to make us give up, and thus confirm through our behavior the thesis about the BSP being isolated, and only party alternatives being possible.

[Chichkova] In addition to everything else the situation has again strained relations between the BSP and the president. There are already those in the parliamentary faction who demand a total confrontation with the head of state. Will they find support?

[Ananieva] The situation really strained our relations with the president, although our relations never were too warm. We are bitter about certain statements and facts related to the biased position toward our mandate. At the same time, we hope that precisely as we try to understand the president's motives, he will try to understand our disappointment. Our relations have always been based on principle. We respect the institution and have confidence in the ability of the president to use his constitutional prerogatives to seek and form a national consensus. In this context we will never play in the same team with the SDS. However, we could again say to the president: If you, Dr. Zhelev, accept not only in theory, but also in practice the idea and policy of national consensus, you should not divide your children into "good" and "bad" ones. In other words, it is impossible to construct democracy by excluding almost 2 million "bad children" from the game called politics, in the name of Bulgaria's interest.

[Chichkova] The unsuccessful mandate of the PSSD removes yet another barrier along the road toward new elections. The view prevails that the SDS and the DPS will not agree on forming a new cabinet. Will the BSP support a cabinet formed through the DPS mandate?

[Ananieva] We must analyze and discuss the new phase of the constitutional procedure. At this stage I would not commit myself to a preliminary position. I share the opinion that this is not the time to hold new elections, but this does not mean that we are prepared to support a SDS-DPS government at any price. The most important thing is to effect the change, the turning point in politics that society needs. We must overcome the confrontation and eliminate the frivolous attitude toward the social cost of the transition. Otherwise it would appear that we wasted the efforts we made and the tension we suffered in the last three months. In any event, I think that our approach toward the constitutional mandate was a serious challenge to the other two parliamentary groups. They could not return to their starting positions without provoking an immediate or subsequent conflict with their voters' interests. This by itself means that the vicious circle of selfishness and narrow party attitude has been broken.

Boyadzhiev Affair Capped Year's 'Political Chaos'

AU1412155792 Sofia KONTINENT in Bulgarian 11 Dec 92 p 6

[Valentin Stoev commentary: "Consent to Chaos"]

[Text] The political chaos that has reigned in the last few months in Bulgaria was crowned with a wreath, although whether its nature is Franco-Bulgarian, dissident-appeaser, or unifying is somewhat unclear. Chaos is what really unites our native politicians. They have mastered it completely and one must categorically give them credit for it. Of course, one should not forget one minor detail; namely, that political chaos progresses from political to social, and finally to personal. The Bulgarian soul is and will be difficult to invigorate.

The "Alliance for Bulgaria" could not be more united than the ten members of its leadership. However, it has succeeded in signing its own death warrant. All the rumors about the increased popularity of the party and its leader [Petur Boyadzhiev] have proved to be a burst bubble. The voters do not forget political defeats.

The Bulgarian Socialist Party [BSP] has again been dealt a severe blow. In the ringside seats, the Union of Democratic Forces [SDS] is rubbing its palms with satisfaction and is preparing to climb once more into the ring. Despite everything, it appears that there will be some sort of tacit agreement between the two parties. The BSP needs it in order to wash its muddy face, and the SDS—in order to smear some of that mud on the president.

The two-week "national consensus" mandate ended with a scandal. However, the scandals continue.

Editorial Views Effect of Boyadzhiev Affair

AU1412145592 Sofia DUMA in Bulgarian 11 Dec 92 p 8

[Untitled editorial]

[Text] The "Petur Boyadzhiev" blunder does not necessarily have to remain as history, as Mr. Edvin Sugarev claims, especially in view of the banal fact that the collection of signatures demanding the president's resignation, initiated by Mr. Sugarev, is no less of a blunder,

at least as far as constitutional law is concerned. However, it is beyond any doubt that the affair will damage the Bulgarian Socialist Party [BSP] in the emerging election campaign.

It also is beyond any doubt that although the blunder did not compromise the idea of a government of national consensus, raised by the BSP, it will cast a shadow over the efforts the BSP invested in implementing this idea.

Obviously, both the party leadership and the leadership of the parliamentary faction will analyze the causes and effects, and the degree of responsibility which each of the participants in the political process bears. The responsibility will certainly be sought in an introverted manner, each looking at its own deeds.

They will certainly draw the conclusion that one does not buy on credit and does not dispense baksheesh in politics. The Boyadzhiev affair involved both mistakes.

Unfortunately, the confidence on credit given to Mr. Petur Boyadzhiev eroded the party's prestige. It created the opportunity to express speculative doubts about the party's competence and political precision.

The main point is not in the fact that Mr. Boyadzhiev really obtained nonguaranteed credit, as a result of which he found himself in the first rank of Bulgarian politicians. The main point is that both the credit and the interest must now by paid by the BSP. The fact that the BSP did not want to deceive anyone, let alone itself, is another thing.

DUMA fully supported the idea of forming a government of national consensus. It supported the proposed candidate prime minister with all its journalistic resources and possibilities. However, DUMA is a serious newspaper, believed by many people. Therefore, it is fully justified in feeling uncomfortable with the situation that has emerged. Indeed, millions of deceived Bulgaria citizens find themselves in the same situation. They believed in the idea of forming a government of national consensus and were ready to work for it and to find salvation for the country.

DUMA does not interfere in the BSP's internal party problems. However, as the newspaper of the Bulgarian Socialists, it has the right to say the following:

In politics, one should never give confidence on credit. In politics, everything must be paid for immediately, and this includes the interest.

Students Demonstrate Against President Zhelev

AU1412205892 Sofia Khristo Botev Radio Network in Bulgarian 1830 GMT 14 Dec 92

[Text] Nikolay Pankov and Ilya (?Zindorski), representatives of the Federation of Independent Students' Associations, presented an open letter to President Zhelyu Zhelev, in which they remind him of his achievements in defending democracy three years ago and reprimand him for his present actions which point in the opposite direction, according to them.

The presentation of the letter was supported by a rally in front of the president's headquarters, during which the students chanted: Resignation [addressed to the president], and Simeon [calling for the return of the exiled ex-king of Bulgaria].

Bill Curbing Powers of Caretaker Cabinet Proposed

AU1312213492 Sofia BTA in English 1615 GMT 12 Dec 92

[From BTA review of Sofia press]

[Excerpt] Sofia, December 12 (BTA)—"Outgoing Government Proposes Curtailed-Power Caretaker Cabinet" (KONTINENT); "Luchnikov (outgoing minister of justice) Ties Caretaker Cabinet Hands" (DUMA); "Bill Castrates Caretaker Cabinet" (24 CHASA)—this is a sample of headlines highlighted in today's press which comments on the bill regulating caretaker cabinet powers presented by the outgoing cabinet to parliament yesterday. Under the Bulgarian Constitution, after the Union of Democratic Forces (SDS) and the Bulgarian Communist Party [as received] (BSP) failed to form a cabinet, the mandate will have to be assigned to the third parliamentary force—the Movement for Rights and Freedoms (DPS). If the DPS fails to do so, the president will appoint a caretaker cabinet, dissolve parliament and set a date for new elections in two months' time. If passed in parliament, the bill will deprive a possible caretaker cabinet of the following powers: concluding and denouncing international agreements, assuming liabilities, granting loans and handling state property. According to DUMA, BSP lawyers described the bill as anti-constitutional and anti-presidential. In the view of SDS MP [member of parliament] Aleksandur Dzherov, chairman of the National Assembly Legislative Committee, the reduction of the powers of caretaker cabinets boils down to making a political decision. [passage omitted]

Outgoing Justice Minister Reviews Term

AU1312211592 Sofia DEMOKRATSIYA in Bulgarian 5 Dec 92 pp 1, 6

[Interview with Svetoslav Luchnikov, outgoing minister of justice, by Anna Goranova; place and date not given: "I Am an Optimist, Because I Know What I Am Capable of"]

[Excerpts] [Goranova] Mr. Luchnikov, are you strong on law enforcement? Would you say that the ministry you headed is a law enforcement department?

[Luchnikov] What does it mean to be strong on law enforcement? I am a resolute man, because I did everything with conviction and confidence in my mission. Naturally, I am not lacking intellectual doubts, but once

I have reached a decision, I act without hesitation and I resolutely pursue the goals which I am convinced of. I do not think that the Ministry of Justice has acted as a law enforcement department under my leadership. [passage omitted]

[Goranova] Did you achieve your goals? What did you manage to accomplish?

[Luchnikov] Fundamental bills were drafted and fundamental laws were amended under my leadership and with my personal participation throughout this year of intense work. These bills and amendments represent the legislative basis for the change of the system. This was necessary for the simple reason that Bulgaria was not a rule-of-law state during the communist regime, something which even Aleksandur Lilov admitted, and naturally, the legislation of a state governed illegally requires a total overhaul. In implementing the reform I was guided by the excellent laws which were adopted at the end of the last century and the beginning of this one, following the example of West European legislation, and which were all rescinded by a revolutionary act in 1951. The basic laws which we drafted were the act on the organization of the judicial system, the law on property, ownership, and servitudes, the law on juridical persons, and the law on Bulgarian citizenship. Two procedural laws and the law on obligations and contracts were amended thoroughly. This is what I consider my greatest achievement as minister of justice.

[Goranova] Did you succeed in decommunizing the judicial system?

[Luchnikov] As is known, we dismissed only 47 people, which is nothing, despite the tremendous outcry of indignation that resulted. The colleagues of the Supreme Judicial Council were inclined to forgive the sins of the past. In order to show you how "radically" we proceeded, let me make a comparison with the former GDR, where 50 percent of the employees in the judicial system were dismissed at the time of Germany's unification, while more than half were employed on a short term basis. We tried to introduce such provisional employment conditions, but unfortunately, our Constitutional Court decided that human rights were being violated in Germany. This was a great mistake. As a result of the fact that only a very limited number of people were dismissed from the judicial organs, especially from the Prosecutor's Office where cadres were selected with special care in the past, very little has changed. The judicial organs persist in their actions, or rather inaction, which greatly obstructs all activities aimed at persecuting criminals of all kinds. An amazing degree of passivity prevails in the judicial authorities, as a matter of fact. I am convinced that this lack of action is deliberate and suggested by extraneous forces.

[Goranova] Is the judicial system independent?

[Luchnikov] It is by all means independent from political influence. As regards all sorts of attempts to pull strings behind the scenes and obedience to former party commitments, however, I think that there is no independence. The totalitarian regime greatly affected the conscience and mentality of our judges. A simple telephone call from a Bulgarian Communist Party local committee was sufficient to close a court case. An order signed by the State Security Service also used to end all court procedures—the court and the prosecutor's offices had to obey. This situation repressed the judges and crushed their self-confidence, hence they could be easily influenced. The present influence of their former colleagues, who were dismissed or volunatarily resigned in order to become lawyers, is particularly strong.

[Goranova] What did you fail to accomplish?

[Luchnikov] Unfortunately, most of my projects could not be finalized because there was no time. As a matter of fact, our updated draft legislation could not be passed in parliament. The bills which I submitted a long time ago are collecting dust. I devoted great effort to the improvment of local administration, to the welfare of oblast administrators whose situation was desolate. They had no clearly defined functions and their wages were miserable. In my view, the local administrator should play the same role as the local leaders in Western countries, namely being the local representatives of state power. We increased their wages, which now amount to 90 percent of ministerial salaries, and enhanced their authority. We managed to improve the image of local government. [passage omitted].

Internal Ministry Issues Instructions on Files

AU1412194592 Sofia Khristo Botev Radio Network in Bulgarian 1830 GMT 14 Dec 92

[Text] The issuing of certificates to private citizens testifying that they have not been collaborators of the former State Security Service shall not be considered a disclosure of state secrets, an announcement of the Ministry of Internal Affairs Press Center declares.

Therefore, any citizen who has not collaborated with the structures of the former State Security, and particularly those individuals and categories of citzens who are described in the prime minister's decree, and who have been subject to public slander in some mass media, have the legitimate right to obtain a certificate confirming their noninvolvement with former Security Services.

Such investigations should by no means involve the declassification of agents' files—namely the so-called personal files, something which can be done only on the basis of a National Assembly decision.

Actions of Internal Affairs Ministry Criticized

AU1512094792 Sofia DUMA in Bulgarian 9 Dec 92 p 8

[Plamen Enchev article: "Someone Is Pulling the Strings of the Puppeteers at the Ministry of Internal Affairs"]

[Text] The data from the computers of the Central Service for Combating Organized Crime and of the

National Security Service should be directly filed into the printer of the Sofia residence of a "most normal state." Sources from the Ministry of Internal Affairs claim that this urgent request was submitted some time ago to the right place. We can only guess whether the request was satisfied.

Leading functionaries of the Ministry of Internal Affairs are trying to subject the total operational and information activities of their institution to the control of a major foreign intelligence agency. The alleged coordination of efforts in the struggle against the international drug mafia serves as a benevolent pretext to cover such activities. Any attempt of the Bulgarian special services to act on their own, without the blessing of the aforementioned agency, is considered a sin and triggers a series of personnel changes at the Ministry of Internal Affairs, our sources pointed out.

The long efforts aimed at cooperation with some foreign intelligence, services that led to the discovery of criminal activities in our country and in Europe, are now being questioned because of the selective approach to "partners" the present Ministry of Internal Affairs leadership is manifesting. The independent foreign policy propagated by the president, the parliament, and the government on several occasions does not exclude cooperation with other democratic states. Nevertheless, it should not exceed the limits of common sense. This is the view of people who are sincerely concerned about the situation of the secret services in our country, which they regard as the "holy of holies" for the protection of our national interests.

At the same time the attempts to exploit the secret services for certain domestic policy goals have also increased. The unceremonious dismissal of the director in charge of the Central Service for Combating Organized Crime and the upcoming "settlement of accounts" with the chief of the National Security Service confirm the aforementioned facts. DUMA has already written that the secret services today are being subject to purely political tasks, such as tapping all radio and telephone communication lines of the Podkrepa Labor Confederation. Attempts to induce the security services to concoct some unjustified accusations against Podkrepa leader Dr. Konstantin Trenchev, to put him in prison, were also observed.

The Ministry of Internal Affairs, however, reacts quite differently to cases in which shady deals involving individuals belonging to the upper crust should be investigated. The most recent example in this respect is the deliberate postponement of the permission to monitor a meeting between a group of businessmen and a well-known former television star, at which conditions for a substantial arms delivery to a foreign country were supposed to be discussed. The deal was not approved by the government commission. Thousands of automatic rifles expected to arrive in one of our Black Sea ports and to further proceed to a country across the ocean were involved. Individuals from the high political echelon are also supposed to be involved in the affair. It is strange that the request for authorization to monitor the meeting, submitted by one of our secret services, in spite of being approved by the Chief Prosecutor, was kept in the safe of a certain general for a whole week. Hence, it is still unknown whether the goods have reached their destination.

The reaction of the Ministry of Internal Affairs whenever the country's national interests and Bulgaria's reputation are at stake is infinitely slow compared to the speed at which competent professionals, who have displeased the leadership for one reason or another, are being denounced one by one. The Press Center of the Internal Affairs Ministry is mainly engaged in denying newspaper reports and in disqualifying people on political grounds, while it is usually silent whenever our country's prestige abroad is affected. The example of the plutonium affair, which was unjustifiably fanned by a British newspaper and by radio stations worldwide, merely shows the slackness and poor professional standards of the Ministry of Internal Affairs' information policy.

Such unpleasant incidents are bound to repeat themselves as long as some people have not dismissed the erroneous idea that the minister and the chief secretary should pull all the strings of the internal affairs department, and as long as they are surrounded by so-called loyal servants who have replaced professional honor and moral standards by servility.

The Ministry of Internal Affairs does not need new Dimitur Stoyanov types [last interior minister who served under the Zhivkov regime]. Everyone knows what kind of legacy they bequeathed to the Ministry of Internal Affairs. The revival of outdated traditions that no longer conform with our moral standards today not only jeopardizes the modest remains of professional competence existing at the Internal Affairs Ministry but even the total security system as such.

Parliament Urges Debt Relief for Arms Industry

AU1212212092 Sofia BTA in English 1853 GMT 11 Dec 92

[Text] Sofia, December 11 (BTA)—Parliament today passed a special decision recommending the Council of Ministers to transform part of the debt of the military industrial complex (bank credits for mobilization equipment) into public debt by the end of the year. According to preliminary data, the debt due to be restructured amounts to 800 million leva. According to today's decision, the Finance Ministry should conduct a thoroughgoing audit to see whether spending was to the purpose before the government finalizes its stand.

According to the chairman of Parliament's Economic Committee Asen Michkovski, today's decision goes half the way and does not settle the numerous problems of the defence industry. Under a project recently moved by Mr. Michkovski and other thirty-six M.P.'s [members of parliament], parliament should have restructured all

liabilities of defence industry companies (amounting to over 2,000 million leva). The M.P.s' reason was that companies had run up the larger part of the debt as a result of meeting obligations under the Warsaw Pact. However, ordinances and calculations made in 1986 and obliging companies to maintain certain mobilization capacities are still in effect.

The industry's financial difficulties are further aggravated by shrinking markets and unpaid-for production exported to ex-Soviet republics. In 1991 alone Bulgarian producers exported arms worth 50 million dollars, which were not paid for due to problems following the break of the Soviet Union.

Many arms producers are insolvent, the M.P.'s said. About two weeks ago arms industry employees in Kazanluk called a strike demanding work and their several months' pay.

Parliament today adjourned debates on draft decisions on the government's policy in the defence industry and arms trade.

Newspaper Attacks Fatherland Union Leadership

AU1312220192 Sofia OTECHESTVEN VESTNIK in Bulgarian 7 Dec 92 p 1

[OTECHESTVEN VESTNIK staff report: "Why Has OTECHESTVEN VESTNIK Separated From the Fatherland Union's National Council"]

[Text] Yesterday, the Post Factum radio program discussed what has happened to confiscated party property. Moderator Viza Nedyalkova, for some unknown reason, interviewed Parush Karaivanov, member of the Fatherland Union's Central Council, on the subject. Expressing his profound indignation, Karaivanov stated that the Fatherland Union distances itself from the policy of OTECHESTVEN VESTNIK on the grounds of its hostile attitude toward the president. According to Karivanov, the newspaper's editorial board, on the occasion of its separation from the Fatherland Union Central Council, signed an agreement committing itself to work for national consensus, but this was not the case today. This was not all. OTECHESTVEN VESTNIK even refused to promote the Fatherland Union policy. The establishment of a cooperative actually amounted to illegal privatization, according to Karaivanov.

The resentment of the Fatherland Union against OTECHESTVEN VESTNIK is really strange. It almost seems to blame our newspaper for the evident downfall which this organization has suffered in public life, a fact for which Ginyo Ganev is responsible. There is no doubt that the Fatherland Union leader is incapable of translating the noble appeals for tolerance and national consensus into topical language, so consequently the Fatherland Union activists did not manage to accomplish the task which our predecessors successfully carried through without the assistance of an inflated national staff and a pompous leader.

Today false rumors are being fanned about the newspaper having illegally appropriated several material assets and facilities (such as a country house in Boyana, a housing bloc, Western-made private vehicles, which together with a hundred office desks, typewriters, telephones, and file cabinets were allegedly seized by our editorial board members in an attempt at illegal "privatization"). According to the law on confiscating the property of totalitarian organizations, the assets of the former daily OTECHESTVEN FRONT were passed on to the state, an act against which Ginyo Ganev and the Fatherland Union National Council hardly reacted. The state, on the other hand, deciding that the new daily OTECHESTVEN VESTNIK needed those assets, passed them on to the editors. In addition, in May 1990 the property and copyright of our newspaper were transferred to the "Ivan Bogorov" Publishing House and subsequently passed on again to the state.

Now, Ginyo Ganev's entourage is loudly complaining: they have deprived us of our newspaper, which is now attacking the president and refuses to support national consensus.

The members of our editorial board held endless talks with Ginyo Ganev, during which both sides tried to ignore in silence the Fatherland Union leader's attempts to sell us to one of the notorious press groups.

Was this not one of the Fatherland Union leader's numerous attempts to ingratiate himself with the president? If this is true, then the Fatherland Union is really dead.

Ground Forces Commander Views Pressing Problems

AU1412060992 Sofia VECHERNI NOVINI in Bulgarian 4-10 Dec 92 p 2

[Interview with Lieutenant General Lyutskan Lyutskanov, commander of the Bulgarian Army Ground Forces, by Vanya Paunova; place and date not given: "Bulgarian Soldiers Have Fewest Rights"]

[Excerpts] [passage omitted] [Paunova] You will probably say that the first problem facing you is the unresolved status of the Bulgarian officer as a servant of the state.

[Lyutskanov] I have had the opportunity to visit our neighboring countries with whom we maintain bilateral relations, and what impressed me was not so much their overall standard of training as the position of the officer corps in Greece and Turkey, even in Romania, which poses fewer problems than in Bulgaria.

[Paunova] Will it be possible to overcome these problems with the sole help of the Defense and Armed Forces Act?

[Lyutskanov] The law is necessary, because its adoption will establish a degree of tranquillity in the work of the

officer corps. It will enable us to redraft all the documents that at the moment regulate life in the barracks, and which are out of date. Perhaps someone may be annoyed at me for saying that our soldiers are among those having the fewest rights in the world. He needs more free time to go out, he needs more leave, and he should be free on all the weekends on which he has no duty commitments. A whole combination of problems makes it impossible for us to provide the soldiers with normal living conditions in our barracks. If we do not do this, we cannot expect the soldiers to be well-motivated to serve. As regards training, we have no problems there.

Difficulties also arise in connection with delays in supplying the Army with the equipment and resources it needs to function and carry out its training and combat activities. Sometimes delays in financing also occur. Because we manage to take all this into account in most cases and make accurate estimates, so far none of our measures has failed due to lack of means.

[Paunova] Given that so many thousands of young men have failed to show up before the recruiting commissions, are your units being kept up to strength?

[Lyutskanov] They are up to strength on paper. The trouble is that the established peacetime complement has proved inadequate for the Ground Forces. In short, we are overburdening our soldiers. Some detachments are 50-percent under strength, whereas according to the norms they should be manned to 70 or 80 percent of their establishment. However, because the tasks still remain, this compels some commanders to put their men on duty in the evenings, which is abnormal. To avoid this situation, we expect the reform to go ahead at full speed, so that certain units can be disbanded if they have no future and merely waste soldiers' time in guarding installations. In some cases civilian security guards may be appointed. In civilized countries, economic and maintenance activities are carried out by civilian personnel. Unfortunately, even with the present level of unemployment, no one wants to take on such work. We advertised a year ago for cooks to work in a tank brigade in Gorna Banya, but no would-be cooks applied.

[Paunova] We all know about the social conditions for officers and their families, especially in remote garrisons. Is this leading to a falling-off in the quality criteria for the officer corps?

[Lyutskanov] Our available data show that in no other country in the world are there so few applicants for the military schools. In Turkey 15-17 candidates fight for each place, and in Romania the number is about the same. In Bulgaria, as far as the Ground Forces schools are concerned, only two lads apply for each place. [passage omitted]

[Paunova] Is there any sign of the reform starting in the Army?

[Lyutskanov] In some units the reform is being implemented. However, one cannot say that it has been fully launched. The first obstacle is the absence of a legislative foundation, the second is the lack of financial provision.

[Paunova] A clash recently occurred in Skopje, and the sparks glimmered close to our border. Are you ready for such a scenario?

[Lyutskanov] The whole of the Bulgarian Army's personnel shares this feeling of alarm. Our training is such that we are able to react to any threat, no matter from what direction it comes. [passage omitted]

Data on Prisons, Number of Prisoners Published

AU1412123492 Sofia BTA in English 1118 GMT 14 Dec 92

[Text] Sofia, December 14 (BTA)—This country has eleven prisons for men, one for women and one reform centre for juvenile offenders (in Boychinovtsi, northwestern Bulgaria, where all inmates are male). The men's prisons are located as follows: northern Bulgaria—Belene, western Bulgaria—Bobov Dol, Vratsa, Pleven, Sofia, eastern Bulgaria—Burgas, Varna, central Bulgaria—Lovech, Stara Zagora, southern Bulgaria—Pazardzhik, Plovdiv. The women's prison is in Sliven (central Bulgaria). The penitentiary administration gave BTA this information about Bulgarian prisons and the inmate population.

According to security levels, prison establishments are divided into open, half-open, and closed. There are seven open corrective labour establishments for men and one for women, with a total of 680 inmates, of whom 23 women. They are serving their first sentences of up to three years' imprisonment for premeditated crimes and up to five years for crimes of negligence, such as road accidents. The prisoners work together with civilian workers, under relaxed security. They are granted two-day home leave per month.

Half-open prison establishments (five for men and one for women) have 331 inmates, of whom 16 women, serving their first sentences of three to five years for premeditated offenses, and over five years for crimes of negligence. Inmates are eligible for 48-hour home leave for good behaviour.

Five establishments (including the prisons in Belene, Bobov Dol and Stara Zagora) are of the maximum-security type. They have 1,913 male and 131 female inmates, imprisoned for serious offenses.

The inmate population is 8,726, of them 6,218 convicted prisoners, and 2,508 accused and defendants. According to European standards, Bulgarian prisons have a capacity of 9,000 places. At the same capacity, the inmate population in 1986 was 17,095, and gradually dropped to 13,425 in 1988 and 11,030 in 1990.

Experts put the twofold decrease in the number of prisoners over the last five years down to the lower efficiency of the judiciary and of the investigation in particular.

There are 3,224 repeat offenders in prison, of whom 85 women. Prisons have mounting difficulties because increasing numbers of accused and defendants are being put in them.

53 foreigners are serving sentences in Sofia prison, separated from Bulgarian prisoners, of whom 16 Turks for drug-trafficking, 13 Vietnamese for murder and robbery, 8 from the Commonwealth of Independent States for theft, 4 from the former Yugoslavia for criminal offenses, from Czecho-Slovakia and other countries.

A death sentence was last executed on November 4, 1989. In July 1990, parliament declared a moratorium which found six persons awaiting execution.

In the last two years the Ministry of Justice has improved the treatment of inmates. Food, working clothes and linen are free. Prisoners have an unrestricted right to write and receive letters and be visited by relatives and friends.

The Penitentiary Administration has a payroll of 2,728. Most officers hold university degrees. The NCO's have secondary-school education.

Negotiations With Private Creditors Show Progress

AU1412123092 Sofia BTA in English 1153 GMT 14 Dec 92

[Text] Sofia, December 14 (BTA)—The representatives of the Bank Advisory Committee of Bulgaria's private creditors made a counter-proposal for the settlement of Bulgaria's debt, said Deputy Finance Minister Svetoslav Gavriyski, leader of the Bulgarian delegation to the negotiations in Frankfurt on Friday. He is quoted in today's PARI. The daily says that Mr. Siegfried Guttermann, spokesman for Deutsche Bank, described the negotiations as constructive and fruitful. In an interview on national radio on Saturday, Gavriyski said the cabinet crisis in Bulgaria had had an impact on the negotiations.

Svetoslav Gavriyski says in PARI that the latest proposal by the Commercial Bank Advisory Committee is better than the previous one but this country cannot make debt servicing repayments to the amount proposed by it. At the same time the proposal includes all mechanisms on which the sides have agreed—repurchasing and swapping the debt for equity, such as bonds.

The next talks will focus on the start reduction of Bulgaria's debt and the proportions of the different options. The next negotiating round will be held in early 1993. Until then the Bulgarian side will work out its position on the proposal.

Loan Packages From Donor Nations Approved

AU1412215992 Sofia BTA in English 2022 GMT 14 Dec 92

[Text] Sofia, December 14 (BTA)—At its meeting today, the outgoing cabinet heard Finance Minister Ivan Kostov's report on a Bulgarian-Austrian agreement on the provision of a medium-term loan to the amount of 110 million shillings, signed in Vienna on November 26, 1992 in compliance with the 1991 G-24 decision on assistance to the economic reform in Bulgaria. The current loan is Austria's share in the implementation of this decision. The loan will be repayable within seven years and is intended to assist the stabilization of the Bulgarian currency and consolidate this country's balance of payments. It will be repaid entirely in the seventh year after its allocation and the interest rate will be fixed by the Federal Ministry of Finance of Austria.

The government today approved similar loan agreements between Bulgaria and Sweden and Norway. These loans are intended to stabilize Bulgaria's balance of payments within the framework of the G-24 financial assistance. Sweden has allocated ECU [European Currency Unit] 14.5 million to this end, plus another ECU 13 million granted by Norway. These loans are granted for a period of seven years, too.

The Council of Ministers today approved bilateral agreements with Sweden and the United Kingdom on rescheduling Bulgaria's official debt to their governments.

A coordinated protocol on the consolidation of Bulgaria's foreign debt to its official creditors was signed in Paris on April 17, 1991. This protocol envisaged the general debt rescheduling terms. These general terms were then specified in bilateral agreements which provided for the rescheduling of one-year and longer-term commercial credits and loans guaranteed by creditor governments and allocated to the Bulgarian Government or the Bulgarian Foreign Trade Bank before the end of 1990.

Government Submits Memorandum of Losses to UN

AU1412213892 Sofia BTA in English 2054 GMT 14 Dec 92

[Text] United Nations, December 14 (BTA)—The Bulgarian Government memorandum concerning the losses, damages and difficulties sustained by the Republic of Bulgaria as a result of the implementation of the sanctions imposed against the Federal Republic of Yugoslavia (Serbia and Montenegro) under UN Security Council Resolution 757 was submitted for circulation as an official document of the UN Security Council today. The memorandum cites accurate figures on the losses incurred by the Bulgarian economy in connection with the observance of the sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) and insists on urgent action to overcome Bulgaria's specific economic problems.

The document was also handed to the president of the committee established under Resolution 724 which monitors the implementation of sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro).

Military Cooperation Protocol Signed With France

AU1212211792 Sofia BTA in English 2122 GMT 11 Dec 92

[Text] Sofia, December 11 (BTA)—The Bulgarian-French Committee on Military Cooperation, which is sitting in Sofia, today signed a protocol on cooperation in 1993.

The protocol envisages exchange of visits by the top military officers and Defence Ministry officials, contacts between military departments and staffs and cooperation in military training.

The delegations led by the deputy chiefs of General Staffs of Bulgaria and France shared information on defence and security issues, the Ministry of Defence told BTA.

Military Cooperation Accord With Greece Extended

AU1312210992 Sofia BULGARSKA ARMIYA in Bulgarian 7 Dec 92 p 1

["Improvements to the Existing Bilateral Confidence- and Security-Building Measures Between the Republic of Bulgaria and the Hellenic Republic, Supplementary to the Vienna Document"—BULGARSKA ARMIYA headline]

[Text] The chiefs of the General Staffs of the Armed Forces of the Republic of Bulgaria and the Hellenic Republic, during their meeting in Athens from 1 to 4 December 1992, made an assessment of the application to date of the bilateral confidence- and security- building measures supplementary to the Vienna document, which have been in force since 1 March 1992.

The two chiefs of the General Staffs reached the conclusion that the application of the supplementary bilateral confidence- and security-building measures has been successful and made a positive contribution to improving and strengthening the climate of friendship, trust, and security between the two countries.

The two chiefs of the General Staffs established that opportunities exist for further improving the supplementary bilateral confidence- and security-building measures now in force and agreed to continue their validity with the following improvements:

1. Amendment to Paragraph 1 of Measure 1.

The zone of application of the supplementary measures is defined as follows:
—on the territory of the Republic of Bulgaria, the region bounded by Skrut, Dupnitsa, Samokov, Pazardzhik, Plovdiv, Dimitrovgrad, Biser, and Mandritsa;
—on the territory of the Hellenic Republic, the region bounded by Mega Derion, Esimi, Nea Makri, the shore of the Aegean, Salonika, and Rhodopolis.

2. Amendment to Paragraph 3 of Measure 1.

Each side will invite observers to observe military activities when:
—the number of participating troops is equal to or exceeds 9,000 men, or
—the number of participating tanks is equal to or exceeds 250, or
—the number of participating artillery systems of 100 mm caliber or higher is 200 or more.

3. Addition of new measure.

In addition to the provisions of Measure 1, each side will invite observers once annually to observe a military exercise conducted at the battalion level or higher.

4. The two chiefs of the General Staffs agreed for expert groups from the two sides to continue to investigate further improvements to the document on supplementary measures, and to sign a new document in 1993.

The present text has been drawn up in two copies in Greek and English, with each language having identical validity.

The present text becomes effective 3 December 1992, the date of its signing.

Colonel General Lyuben Petrov, chief of the Bulgarian Army General Staff.
General Ioannis Verivakis, chief of the General Staff of the National Defense of the Hellenic Republic.

Meciar Blames Federal Authorities for Bugging

AU1412211792 Prague RUDE PRAVO in Czech 10 Dec 92 p 2

[Report by Pavol Minarik and Katerina Perknerova: "The Legal and Political Responsibility of the Federal Interior Ministry and the Federal Security and Information Service Is Unavoidable"]

[Text] Bratislava/Prague—"It is not yet possible to clarify the reason for, the motive behind, or the impact of the affair surrounding the bugging device found in the U.S. Consulate General building in Bratislava because the issue is still unfolding. However, it is possible to discount any responsibility on the part of Slovak Republic bodies. It is also possible to say that this is a maneuver intended to discredit the Slovak Republic at a time when it is to be internationally recognized."

Slovak Prime Minister Vladimir Meciar made this statement to a RUDE PRAVO reporter on Wednesday [9 December]. He also said that the building housing the U.S. Consulate in Bratislava had been the focus of State Security [StB] interest and that a target file [objektovy svazek] had even been established for it. "This was done by the first department of the first division of the StB's 12th Administration. The individuals who participated in this activity are still working for the Federal Interior Ministry and the documentation for it is kept by Federal Security and Information Service [FSIS] bodies. One of the officers involved in it even worked for the FIS for a certain period," said Meciar. He added that everyone is now washing their hands of this issue, but the legal and political responsibility of the two institutions is unavoidable.

"There is one thing I do not understand about all of this—that is, if former Federal Interior Minister Sacher issued an order for the removal of such devices and all representative offices were informed of this, why did this incident not happen then and why is it happening now," he emphasized.

In connection with various contradictory reports, he said that the director of the Foreign Ministry Technical Administration knew all about this issue. "The Federation will come to an end in a few days; let the truth come out about what has happened here. It is nonsense to cover up a lie. We have proof that he knew about this. He also knows about other buildings in Prague," said the Slovak prime minister to RUDE PRAVO.

Officials, Press Continue To React

AU1512114892

[Editorial Report] Czech and Slovak newspapers on 11 December continue to publish politicians' and Interior Ministry officials' reactions to, and press commentaries on, the recent discovery of bugging equipment in the building of the U.S. Consulate in Bratislava.

Bratislava PRAVDA in Slovak on 11 December on page 1 carries a 500-word TA SR report entitled "Owner of 'Bugs' Still Unknown." The report summarizes interviews that were given by Stefan Lastovka, deputy federal minister of interior, and Pavol Slovak, director of the Federal Security and Information Service (FSIS), to CTK on 10 December.

Lastovka, who was reportedly charged by Federal Interior Minister Cermak with "clarifying the circumstances of the whole affair," tells CTK that "to avoid possible misunderstandings," no information on the discovery of the bugging equipment will be made public until the investigations are completed. Referring to the news blackout, Lastovka reportedly "refused to comment on Federal Interior Minister Petr Cermak's previous statement that the archives of the 12th Administration of the State Security Corps [StB], which was responsible for bugging within the framework of the former Czechoslovak secret service, have been shredded. In the same way Stefan Lastovka reacted also to Slovak Prime Minister Vladimir Meciar's statement in yesterday's RUDE PRAVO that the documentation of the 12th StB Administration on the installation of the bugging equipment at the consulate is kept by the FSIS." According to CTK, Lastovka did not specify when the investigations would be completed.

Speaking to CTK, FSIS Director Pavol Slovak reportedly "expressed the conviction that it will not be difficult to find out who installed the bugging equipment" but "refused to provide more detailed information, in view of the fact that it will not be possible to issue a comprehensive report until the investigations of the whole case are completed."

On the same day and page, Bratislava PRAVDA in Slovak carries a 400-word Bogus Lenicky commentary entitled "Who Was Listening?" Lenicky writes that the "disclosed bug has made Slovakia more visible to the world, but with the precisely the opposite effect from that which a new state appearing on the map of Europe would need." He asks: "Who could have been interested in obtaining information through such foul means? Old structures? New structures? Or, God forbid, an unknown private schemer inspired by 007? We may never find out. It is possible, however, that it was someone completely different. The quick liquidation of old intelligence services, especially of the counterintelligence, might have created a sort of paradise for various intelligence services on our territory. Apparently, it would not be too difficult for those services to find people, even from the old StB network, willing to spy for any third party for hard currency."

Prague METROPOLITNI TELEGRAF in Czech on 11 December on page 3 carries a 500-word CTK report entitled "Bugging Affair." The report quotes Jan Carnogursky, former Slovak prime minister, as having told CTK that "the bugging equipment in the building of the U.S. General Consulate in Bratislava could have been activated only with the help of former StB members who

had installed it there years ago." In an interview for CTK, Carnogursky reportedly called on Slovak Prime Minister Meciar "to say from whom he had the information that the equipment was not working, given the fact that this information has turned out not to have been true."

Bratislava SLOVENSKY DENNIK in Slovak on 11 December on page 2 carries a 400-word Peter Toth report, entitled "Intelligence Game," on a news conference of the Christian Democratic Movement [KDH] held in Bratislava on 10 December. The report states: "Journalists' attention at yesterday's KDH briefing focused on the question of bugging equipment in the building of the U.S. Consulate. Jan Carnogursky said that the whole affair appears in a new light after the U.S. side published a report saying that it has proof that the bugging equipment was used as late as November this year. He stressed, furthermore, that all StB members who had installed the equipment under the previous regime will have to be interrogated and that Prime Minister Vladimir Meciar should disclose the source from which he received the false information that the equipment was not functional. KDH representatives doubt that it would be in the interest of the current government authorities to activate the bugging equipment at the U.S. Consulate. In the private opinion of Ladislav Pittner, former Slovak minister of interior, this is a deliberate affair aimed at discrediting the newly emerging Slovak state. Pittner rules out, however, that this could be an operation by the American side."

Prague CESKE A MORAVSKOSLEZSKE ZEMEDELSKE NOVINY in Czech on 11 December on pages 1 and 2 carries a 600-word Ivan Rajecky report entitled "The Threads Lead to the StB." Rajecky believes that the StB is "the only possible culprit" in the bugging affair. He points out that, because the bugging equipment was only disconnected and not completely dismantled in 1990, it was relatively easy to "reactivate it." This reactivation, he adds, "could only be realized with the help of people who had installed the equipment." In this context Rajecky stresses that former StB officials are employed in a number of private companies involved in the protection of buildings and persons, which is also true of the Group 4 company, which is responsible for the protection of the building of the U.S. Consulate. As Rajecky points out, the director of the Group 4 company is a "former high-level StB officer whose code name is supposed to be 'Ocelka'" and also Major Jan Veselovsky, the spokesman for Group 4 in Slovakia, "figures on the list of StB members." In the author's opinion, "all indications therefore suggest that the StB octopus has stuck out its tentacles again."

Prague MLADA FRONTA DNES in Czech on 11 December on page 6 carries a 600-word Ivan Jamelka commentary on the incident, entitled "Who Could Have Had an Idea About the U.S. Mission Being Bugged?" Jamelka stresses that, even though the Slovak Government knew about the installation of the bugging equipment in the consulate building, it never informed the federal authorities about this "in an official way." The author also suspects that, contrary to their claims, the Slovak authorities must have at their disposal the "appropriate technical documentation." If they did not have it, he says, they would not have been able to locate the connecting cables in the building adjacent to the U.S. Consulate.

Bratislava SMENA in Slovak on 11 December on page 2 carries a 500-word "pm"-signed report on a news conference given by Milan Knazko, Slovak minister of foreign affairs, in Bratislava on 10 December. The report notes: "As for the affair regarding the bugging equipment at the U.S. Consulate in Bratislava, Milan Knazko voiced the view that whoever is responsible for the equipment's having been installed there certainly also made use of this equipment. According to Knazko, it is hard to imagine anyone handing over such equipment to anyone else for use. The Ministry of Foreign Affairs is not participating in the investigation of this case and Milan Knazko has refused to make any more specific comments about it as long as the results of the investigation are not known."

Possible Foreign Service Involvement

AU1412151392 Prague RUDE PRAVO in Czech 9 Dec 92 p 3

[Report by Pavol Minarik: "Sacher: The Bugging Device May Even Have Been Installed by a Foreign Intelligence Service"]

[Text] Bratislava—"The bugging device found in the U.S. Consulate could have been installed by other intelligence services; it did not have to be installed by the Federal Security and Information Service [FSIS] or the former State Security. It could quite easily have been placed there by the intelligence services of foreign states, which—in my opinion—have free rein for their activity in our country. Of course, by saying this I do not intend to insult anyone in the FSIS or the Czechoslovak intelligence service," said former CSFR Interior Minister Richard Sacher to a RUDE PRAVO reporter.

He also said that if the device really is as high-tech as the Americans claim, then it could only have been installed by someone who had it at his disposal. "He could not have been an amateur, however. Therefore, as he was not an amateur, he must have been aware that there is a whole range of equipment available capable of identifying all kinds of bugging devices in ceilings, walls, or floors." Sacher said that when he was in office, the Americans even offered him such monitoring equipment. "I also extended it—as an intermediary—to the Federal Security and Information Service and Military Defense Intelligence. It all seems so illogical to me because the chain of logic is broken here. Whoever installed this device in the consulate must have known beforehand that the Americans would discover it very quickly," he stressed.

Regarding the affair's impact on Slovak-American relations, he said that, in this instance, the Slovak side's integrity will—at least—be tarnished. "A number of questions are raised here. For example, who could be interested in this?" said Sacher. In his opinion, the bugging affair in Bratislava may slow down what both the Slovak and Czech sides want most of all at the moment—rapid entry to the international political scene.

Commission Established To Investigate

AU1412151292 Prague MLADA FRONTA DNES in Czech 10 Dec 92 pp 1, 2

[Report by "(jem)": "The Consulate Was Bugged"]

[Excerpt] [passage omitted] Federal Interior Minister Petr Cermak has instructed his first deputy, Stefan Lastovka, to discover who placed the bugging device at the U.S. Consulate General in Bratislava. The deputy is also supposed to find out when the bugging device was installed, for how long it was in operation, who used it, and, possibly, why it was not removed according to the orders of the former CSFR Interior Minister Richard Sacher in 1990.

According to the director of the 3d Division of the Federal Interior Ministry, Fratisek Filous, Deputy Lastovka established an investigative team of experts yesterday. In that team, officials from federal and republican institutions should be represented, in order to eliminate any doubts about the investigation. Director Filous is of the opinion that, provided the corresponding photographic documents or video records on dismantling the device are received along with the device, then it will be possible safely to determine whether this device was operative or not. He also confirmed the fact that the investigators will carefully inspect the place in the building next to the U.S. Consulate, where, according to Slovak Interior Minister Jozef Tuchyna, the eavesdropping cable was interrupted and bricked into the wall in 1990. Director Filous assured us that it will be easy to verify whether this statement is true. [passage omitted].

Federal Government To Resign 18 Dec

AU1412160292 Prague CTK in English 1746 GMT 10 Dec 92

[Text] Bratislava, Dec 10 (CTK)— The Czechoslovak Government is to submit its resignation on December 18, which is the last day of the terminating session of the Federal Assembly, the chairman of the upper chamber of the Federal Assembly Roman Zelenay told the Slovak Radio today. He said that the government would be asked to remain in office as long as the Czechoslovak Federation exists, that is until December 31.

The federal deputy also saw a need for a bicameral parliament in Slovakia for the nearest period but said similar considerations for the future would be premature. One of the main issues in Czech and Slovak Republics today is whether to create upper houses in republics' parliaments and transfer there current federal legislators.

Progress in Dividing Property Abroad Assessed

AU1512115392 Prague HOSPODARSKE NOVINY in Czech 10 Dec 92 pp 1, 2

[Interview with Alexander Vondra, Czech first deputy minister of foreign affairs, by Milos Sklenka; place and date not given: "A Treaty as Early as This Year?"]

[Text] With Czechoslovakia's final breakup approaching, there is a growing interest in everything related to the settling of mutual property claims. One of the areas that is particularly attracting attention is the Czechoslovak diplomatic service. Alexander Vondra, the Czech first deputy foreign minister, answers our questions regarding the division of the property—real estate and other property—of the Federal Foreign Ministry.

[Sklenka] How far has the division of federal property progressed in the Federal Foreign Ministry, property to be taken over by the successor countries.

[Vondra] Within the tripartite negotiations involving the three Foreign Ministries [Federal, Czech, and Slovak], the agreements have progressed to such an extent that some 40 percent of Czechoslovak property abroad has been divided. This is particularly true of real estate property in the most important countries, that is, our neighbors, the G-7 countries, EC countries, and countries in which there are important international institutions. Negotiations are under way, and we are hoping that in the next two weeks an agreement will be concluded on the division of property in other parts of the world.

[Sklenka] When will the entire process of dividing property abroad end?

[Vondra] The division of property abroad between the Czech Republic and the Slovak Republic could be finished, in rough outline, by the end of this year. We expect that all the three foreign ministers will sign, on behalf of their governments, a final treaty of the division of property abroad as early as this year. If this does not happen, negotiations will continue into next year.

[Sklenka] At present, we are talking about tripartite meetings that will, in their final stage, end up in a general treaty. But, how will the "divorce" continue next year? On a bilateral basis, or will a joint commission be established?

[Vondra] No. Next year, there will be only a bilateral commission. However, I am of the opinion that the tripartite meetings involving the three ministries have progressed so far that by the end of December we will be able finally to conclude the principal questions regarding the division.

[Sklenka] What is the value of Czechoslovak property abroad?

[Vondra] Real estate property represents, according to the U.S. appraisal, some 40 billion korunas at current price levels.

[Sklenka] Are there any substantial problems when it comes to the division of certain attractive property?

[Vondra] Dividing property is, of course, a very sensitive matter. It would be surprising if we had no problems during the negotiations, or if we did not discuss problems in which the interests of both parties are controversial. I believe, however, that both parties are taking a course of action such that they can overcome existing problems.

[Sklenka] However, a situation may arise in which we would be unable to reach agreement in any way. What will happen then?

[Vondra] If there is such a situation, negotiations will continue next year until a compromise solution is found. There is no other possibility.

[Sklenka] In this connection, is it being considered that in some countries the Czech and the Slovak Consulates could be in the same building?

[Vondra] In some countries, our property forms vast building complexes. This is the case of those embassies built in the sixties and seventies, particularly in third world countries. In the event that such a complex makes it possible to build two independent structures within, then this cannot be ruled out. If not, there is another solution: One of the republics will own the property and the other will temporarily work in it on a lease basis.

[Sklenka] In connection with the division of property, reports have appeared that some existing Czechoslovak embassies will be closed. What will happen to the property in these cases?

[Vondra] The Federal Government decided, on the basis of a recommendation from the tripartite negotiations, to abolish, for economic reasons, some embassies, consulates, or commercial departments in some countries. In these countries, the property will also be divided between the successor states, and it will be up to them what they do with it in the future.

[Sklenka] The Czech foreign service is being restructured at present. In what manner will the former employees of the Federal Ministry of Foreign Trade be integrated within the Czech Republic Ministry of Foreign Relations sector?

[Vondra] As regards Federal Foreign Ministry officials, their transfer will be smooth. In some cases, diplomats will be transferred from one country to another, or back to the Prague center. As regards former officials form the Federal Ministry of Foreign Trade, the situation is somewhat more complicated. Powers belonging to this body will be divided between two ministries in the Czech Republic: The Foreign Ministry and the Ministry of Industry and Trade. On the basis of the power-sharing agreement, signed by both ministers, it is assumed that the Czech Foreign Ministry will be an ambrella organization coordinating all activities in the sphere of international economic relations, while the Ministry of Industry and Trade will deal with the practical execution of foreign trade operations, such as, for example, issuing licenses, negotiating quotas, and dealing with the internal legal system, etc.

Division Talks Under Way

LD1512114292 Prague CTK in English 0905 GMT 15 Dec 92

[Text] Bratislava, Dec 15 (CTK)—After an extended night session here Monday [14 December] the Commission for the Division of Czechoslovak Property has agreed to split foreign claims and liabilities between Czech and Slovak Republics in the usual 2:1 ratio, according to Slovak Finance Minister Julius Toth.

The Slovak members of the commission besides Toth are Marian Tkac, vice governor of the Czechoslovak State Bank, and Bela Bosak, special government representative for the division of the federal property. Czech commisssion members are Finance Minister Ivan Kocarnik and Privatisation Minister Jiri Skalicky.

Taken into consideration, Toth said, was the ability of each republic to secure repayments. When one republic can collect a foreign claim more easily, the other one may even offer to sell its right to the claim. Czechoslovakia has currently some 70,000 million crowns (2,410 million USD [U.S. dollars]) outstanding abroad and the largest debtor is the former Soviet Union, the minister said.

The two sides could not come to terms on the division of the coupon privatisation property. The situation here is greatly complicated by imbalance between low Czech-held investments in Slovakia and much higher Slovak investments in the Czech Republic.

Toth also said that the two sides could not reach an agreement on the 7.5 tonnes of gold amassed by Slovakia during its wartime independence between 1939 and 1945. Kocarnik said this problem was rather marginal considering the amount of Czechoslovak gold reserves it entailed.

Toth stressed that the commission would try to resolve all property disputes before the Christmas holidays so the division of federal property can actually proceed next year.

Ministers Sign Property Accord

AU1412154292 Prague CTK in English 2023 GMT 10 Dec 92

[Text] Brno, Dec 10 (CTK)— A draft agreement on dividing Czechoslovakia's cultural property between the Czech and Slovak Republics was signed by the republics' ministers of culture today.

Czech Minister of Culture Jindrich Kabat and Slovak Minister of Culture Dusan Slobodnik will submit the signed draft to their respective governments.

The agreement resolves the property rights concerning movable property, meaning the appurtenances of castles, chateaus and other cultural and historical objects, including paintings and objects in collections. The first part of the agreement obliges the two republics to care for nontransferable cultural objects belonging to the other republic, the second part to return transferable objects to the republic to which they demonstrably belong.

The agreement does not apply to objects bought legitimately by museums, galleries and other cultural facilities, Czech Deputy Minister of Culture Michal Prokop said. It also does not deal with the division of federal or church property.

The two ministries determined a schedule of dates for carrying out the agreement. The first stage will be completed by February 28, 1993, and the second by September 30. Points of dispute should be resolved by March 31, 1994.

The draft agreement should be approved at the next joint session of the governments of both republics, which should take place this year, Slobodnik said. There is no reason for the premiers not to sign this agreement within the framework of the whole complex of agreements, he said. In contrast to the currency and customs union between the Czech and Slovak Republics, the cultural union between them is of a lasting character, he added.

Kabat told journalists that the agreement does not solve any basic economic problems, but nevertheless it is an agreement that touches very sensitive matters that are immensely important to the national and cultural identity of the state.

A first draft of the agreement, intended to have been signed by Kabat and Slobodnik November 20, was characterized by the Czech side as unacceptable, unsuitable and unrealizable.

Panel Debates Last Point of Czech Constitution

AU1412155092 Prague CTK in English 2013 GMT 10 Dec 92

[Text] Prague, Dec 10 (CTK)— The discussion by the Constitutional and Legal Committee of the Czech parliament of a draft Czech Constitution in Lany near Prague today left only one of the originally four points of difference between the coalition and opposition unsolved, chairman of the committee Miloslav Vyborny told journalists.

The committee has not yet dealt with the question of the territorial administrative division of the Czech Republic after January 1, 1993, following Czechoslovakia's division into two independent states.

Members of the committee, who have been discussing the draft in Lany since Monday [7 December], have agreed on incorporating in the Constitution a reference to the Charter of Fundamental Rights and Freedoms which will become a component of the Czech Republic's constitutional order.

The opposition originally insisted on the whole charter to be incorporated in the Constitution. The opposition's demand that the Constitution should contain the institute of a referendum was solved by a resolution recommending that an article be included in the Constitution stating that it may be set down by a constitutional law when the power is to be executed directly by people.

Members of the committee agreed to raise the quorum required for the approval of constitutional laws from absolute majority, as envisaged by the government draft, to a three-fifths majority of all deputies, as demanded by the opposition.

Deputy Marek Benda (Christian Democratic Party, KDS) said some parties of the government coalition were strongly opposed to this change but realized the necessity of this step for reaching consensus. Ivan Masek of the Civic Democratic Alliance (ODA) said the solution of this issue is a great compromise on the side of the coalition.

The territorial administrative division of the Czech Republic, the last open question in the discussion about the government draft Czech Constitution, is of prior importance for the Self-Governing Democracy Movement—Society for Moravia and Silesia (HSD-SMS), its deputy Jiri Bily said, adding that deputies from his party will not support the draft if the interests of the citizens of Moravia and Silesia are not respected.

If an agreement on the territorial division fails to be reached, the original wording of this article from the government draft will be submitted to the parliament to decide the problem.

The government wants the Constitution to include only general lines for the territorial division. The definitive pattern should then be found before the local elections scheduled to be held in autumn 1994.

Vyborny said that the result of the commission's work will be a joint report on the Constitution which should be ready on Saturday [12 December] or Sunday.

The Czech parliament is to discuss the draft at its session December 16.

Most Czech Parties Support Draft Constitution

LD1412222592 Prague CTK in English 2147 GMT 14 Dec 92

[Text] Prague, Dec 14 (CTK)—Most Czech opposition parties will support the Czech government's draft Constitution in the wording presented by the Czech parliament committees in a joint report.

However, the opposition is against the establishment of a Czech Senate, the second chamber in a future Czech

parliament, through a transfer of federal parliament deputies elected in the Czech Republic. A bill on setting up of a provisional Senate is being pushed through by the government coalition with the exception of the Civic Democratic Alliance (ODA).

For the Left Bloc (LB) the basic criterion is whether or not the draft Constitution is a balanced document, Chairman of the LB Parliamentary Group Jaroslav Ortman told journalists today. He said the LB considers the establishment of a Senate through a transfer of federal deputies to be an absurd solution.

Ales Vebr of the Liberal Social Union (LSU) told CTK that the LSU sees prospects for the draft Constitution to be adopted optimistically. He added that the LSU will not put up unnecessary obstacles.

Jiri Horak, chairman of the Czechoslovak Social Democratic Party (CSSD), said that the CSSD will support the draft because all our major demands became part of the draft. The CSSD Central Committee on December 12 called on CSSD deputies not to vote for a transfer of federal deputies to a future Czech Senate.

Decisive for the Movement for Self-Governing Democracy-Society for Moravia and Silesia (HSD-SMS) is the issue of the Czech Republic's future territorial-administrative division. As to a transfer of federal deputies to a Czech Senate, the HSD-SMS considers it undemocratic and unconstitutional.

The Assembly for the Republic-Czechoslovak Republican Party (SPR- RSC) also rejects a transfer of federal deputies to a provisional Czech Senate.

Meciar Views Foreign Policy Issues

AU1412153092 Prague CTK in English 2138 GMT 10 Dec 92

[Text] Bratislava, Dec 10 (CTK)— Slovakia's image among foreign politicians and diplomats as well as in business circles is improving in spite of persistent efforts to portray it negatively, Slovak Premier Vladimir Meciar said today. Our political representatives are comparable to those in Bohemia and in some cases even better, he said.

Speaking in Kosice, East Slovakia, at a meeting of Slovak Government representatives with trade unionists from Eastern Slovakia, Meciar said that he himself devotes over 60 percent of his time to protecting Slovakia's good reputation as unfounded allegations of threatened prison riots or anti-Jewish demonstrations continue to appear.

On the scandal around last weekend's disclosure that a bugging device was found at the U.S. Consulate in Bratislava, Meciar said it harms Slovakia's name abroad considerably, even though Slovak bodies have nothing to do with it.

According to Meciar, the U.S. side has not helped the Slovak investigation of the case at all, refusing to show the bugging device itself or to present evidence that the device was still functioning in November 1992. It also refused to appoint its representative to the Slovak investigatory commission, Meciar said.

He claimed that Budapest is exerting immense effort to prevent Slovakia's international recognition, using as a pretext its claim about an unclear border at Gabcikovo (where the Danube River was diverted due to the construction of the Gabcikovo waterworks—ed.).

We consider our relations with Hungary temporarily deteriorated. We are waiting for it to hold out its hand in reconciliation. We are already holding out ours, Meciar said.

Slovak Economics Minister Ludovit Cernak spoke of the planned future structure of the Slovak economy, saying that one-third will be "transit economy," that is charges for transit of raw materials and railway shipping, one-third will be accounted for by a restructured home industry, and one-third by tourism.

Transfer of Federal Deputies to Senate Proposed

AU1412163092 Prague CTK in English 0735 GMT 10 Dec 92

[Text] Prague, Dec 10 (CTK)— The Czech Government has proposed transferring Czech deputies currently serving in the Federal Assembly to the Czech Republic's proposed Senate.

The government has advanced this method as the smoothest way to initially staff the Czech parliament's new upper chamber. It would like the Czech parliament to pass a constitutional law putting the proposal into law.

Some Eighty-one to 100 of the Federal Assembly's current 174 Czech deputies would be thus transferred, in order to preserve the same balance of political parties in the new chamber as currently exists in the federal legislature, Czech Interior Minister Jan Ruml told CTK on Wednesday [9 December].

Deputies would be selected according to the electoral margins they received in last June's parliamentary elections, Ruml said.

Deputies React to Cabinet Proposal

AU1412163292 Prague CTK in English 1241 GMT 10 Dec 92

[Text] Prague, Dec 10 (CTK)— The chairman of the Civic Democratic Party's (ODS) faction in the Czech parliament, Jiri Honajzer, expressed himself in favor of the Czech Government's proposal to transfer Czech deputies serving in the Federal Assembly to the Czech Republic's proposed Senate after Czechoslovakia's division on January 1.

Honajzer, speaking to CTK, said the age requirement for future senators, currently fixed in the draft Czech Constitution at 40 years of age, remains a debatable point.

He said the Czech legislature would take up the government proposal at a plenum after it voted on approving a Czech Constitution.

Deputy Jaroslav Ortman, of the Left Bloc, criticized the government's timing, saying the Constitution of the Czech Republic still isn't ready and already ways of creating a second chamber of parliament are being presented.

Deputy Jan Blaha, of the Czechoslovak Social Democrats said the Government had no place in dictating terms to the Czech parliament and called the plan to transfer 80 to 100 federal deputies to a Czech Senate laughable.

Rudolf Opatril, of the Movement for a Self-Governing Democracy-Society for Moravia and Silesia, went further, saying the government's attempt to set how many deputies the Senate should have and how they should be picked was scandalous.

The leadership of the Czecho-Moravian Chamber of Unions said the plan to transfer deputies did not fit in with the building of the new Czech state's democratic institutions.

Publication of Antisemitic Articles Condemned

AU1412160092 Prague CTK in English 1757 GMT 10 Dec 92

[Text] Prague, Dec 10 (CTK)— The Czech National Council (parliament) does not have on its discussion agenda the publication of a list of Jews by the weekly TYDENIK POLITIKA, parliament Chairman Milan Uhde said today.

I do not want to say that the parliament will not concern itself with it, Uhde said. He said he was convinced that the judiciary, which has begun to consider the case, will fulfill its duty. Similar expressions are an affair which we will have to settle in a lawful but resolute manner, he added.

In its most recent issue, TYDENIK POLITIKA published what it called a list of 168 Jews and half-Jews in contemporary Czech culture.

The case unusually markedly and sharply characterizes increasingly extreme manifestations in the public, Uhde said.

Czech Premier Vaclav Klaus today sharply condemned the publication of anti-Semitically oriented articles by TYDENIK POLITIKA.

The fact that it is not easy to find a legal way to prevent it is disheartening, he told journalists today.

In an official statement obtained by CTK, the Czech Ministry of Culture says it is the moral responsibility of cultured people to repudiate all manifestations of racial hatred and intolerance.

Czech parliamentary deputies of the Christian Democratic Party (KDS) today called for the cessation of publication of TYDENIK POLITIKA.

Statistical Office Reports Economic Results

AU1412125592 Bratislava PRAVDA in Slovak 10 Dec 92 p 3

[Report by "ip": "Balance at a Low Level; Results of the Economy in the First 10 Months of the Year"]

[Text] Bratislava—Private ownership is expanding, Rudolf Krc, chairman of the Slovak Statistical Office, stated yesterday. The development of prices, inflation, and the cost of living is relatively stable, while the number of unemployed has decreased.

Since the launch of small-scale privatization, a total of 9,483 businesses have been auctioned off within its framework [in Slovakia] for a total of 14.305 billion korunas. A total of 2,025 businesses have been sold in Dutch auctions [in which the price is bid down if no buyer can be found for the original starting price] for an aggregate sum that was 48.5-percent below the sum total of the starting prices. A total of 874 economic entities [subjekty] worth 165.3 billion korunas have been approved for privatization by standard methods within the framework of large-scale privatization. Of these, 188 are earmarked for direct sale, 20 for public auctions, 10 for public competitions, 7 for restitution, and 95 for free transfer of ownership. The remaining 544 entities are being privatized by the coupon method; 63.25 million of their shares, or 72.8 percent of the total, have been sold.

Prices of consumer goods and services increased by 2.1 percent in October, compared with September, with food prices alone going up 3.4 percent. Compared with December 1991, prices are 2.2 percent higher on average. The rate of inflation has slightly accelerated—from 1.6 percent in September to 2.1 percent in October. This represents a 6.2-percent growth against December 1991. Compared with the first 10 months of last year, the rate of inflation has reached 10 percent. The cost of living was 2.5-percent higher in October than it was in September. Compared with December 1991, the cost of living went up by an average of 2.3 percent since the beginning of the year [sentence as published]. In all social groups, the increase in the cost of living was accounted for chiefly by the increase in food prices. The volume of the population's deposits dropped by 1.1 billion korunas in October.

The average monthly wage in industry in enterprises with 25 or more employees was 4,899 korunas in October, which was 17.1-percent more than in September. Employment in enterprises in the private sector increased at the expense of employment in the state and cooperative sector. Employment was stagnant overall. On the last day of October the Slovak Ministry of Labor, Social Affairs, and the Family had 260,714 job applicants on file, a level of unemployment of 10.4 percent. The number of registered job seekers was 41,237 lower

than at the beginning of the year. The real level of unemployment, that is, including people who are not registered, is estimated at 13 to 13.8 percent. An average of 1,563 korunas [a month] is paid out from the state budget for each job seeker.

Although the volume of industrial production in October was 1.4 percent higher than in September, compared with October 1991 it was 14.6-percent lower. Output in the building sector has increased—a comparison between October 1992 and October 1991 shows a 9 percent increase. The building industry is successful abroad, the monthly growth rate exceeded 25 percent.

[Bratislava NARODNA OBRODA in Slovak on 10 December on page 13 carries a 400-word S. Tomanek report on the news conference given by Rudolf Krc, chairman of the Slovak Statistical Office, which includes the following passage: "At the end of October 19,921 economic entities registered according to the Commercial Code engaged in business in Slovakia, almost 8,000 more than at the beginning of the year. In addition, 440,000 permits to engage in entrepreneurial activity were issued outside the register of companies. Within the framework of large-scale privatization, by 23 November 874 entities worth 163.3 billion korunas had been approved for sale by standard methods. At the end of September, 50 foreign states had capital stakes in a total of 2,435 enterprises in Slovakia. Joint ventures have at their disposal an aggregate capital stock of approximately 10 billion korunas. However, more than 70 percent of them have a foundation capital of only 100,000 korunas. Only two foreign firms, Volkswagen and K-Mart, have a stake of more than 500 million korunas in Slovak companies. The Henkel-Palma, Samsung-Calex, and Whirlpool companies can take pride in a capital investment of over 100 million korunas.

"Foreign trade turnover amounted to 141 billion korunas in all-charges-paid prices in the first nine months of the year. Imports exceeded exports by 200 million korunas." The NARODNA OBRODA report also quotes Krc as saying that "gross domestic product is expected to drop 8 percent this year and national income will be 12-percent lower" than in 1991.]

Finance Ministry Analyzes Results

AU1412155692 Prague CTK in English 1630 GMT 10 Dec 92

[Text] Prague, Dec 10 (CTK)— The sharp decline in Czechoslovakia's industrial production in 1991 did not continue in the first three quarters of 1992, but development was uneven and its revival inconclusive, a budget report presented today to the federal parliament by the Federal Ministry of Finance states.

A revival of economic growth was visible especially in construction, in citizens' real income, and in the increased demand for goods and services, the report said.

A discussion of the report is on next week's agenda of the 7th joint session of the Federal Assembly (parliament). Parliament chairman Michal Kovac told CTK, however, that the discussion is irrelevant in the present situation because the parliament can do nothing besides take note of the report.

The report states that the level of consumer prices in Czechoslovakia during the first nine months of this year increased in comparison with the same period last year by 10.4 percent. Monthly price increases did not exceed 1 percent except in September, when prices rose 1.8 percent, especially due to the increase in taxes from the sale of alcohol and cigarettes.

Development thus far indicates that the rate of inflation in Czechoslovakia should be about 11 percent for the whole year.

The report further states that problems of overemployment and decreasing productivity continue to trouble industrial enterprises. Productivity declined for enterprises with more than 25 employees by 6.4 percent compared to the same period last year, while the average monthly salary increased by nearly one-fifth.

Unemployment in Czechoslovakia continues to decrease. By the end of August it had declined to 5.3 percent nationwide, to 2.7 percent in the Czech Republic and 10.9 percent in the Slovak Republic. The report states, however, that in connection with the completion of the first wave of large privatization expected in January, it is necessary to reckon on a certain increase in unemployment.

Czechoslovakia showed a trade balance deficit of 3,000 million crowns (over 100 million USD [U.S. dollars]) for the first eight months of this year. Exports totalled 202,200 million crowns (6,740 million USD), approximately 1 percent less than for the same period last year, while imports stood at 205,200 million crowns (6,840 million USD). The initially surplus trade balance began to decrease in April and from July remained stable. Consumer goods increased their share of imports, while raw materials and processing products increased their share of exports. An increase in the deficit is expected through the end of the year, the report states.

It also projects the continuing dynamic development of the private sector, which accounts for half of all small trade sales. The private sector is also strong in construction, and it represents a 10.5 percent share of industrial production (13.2 percent in the Czech Republic, 2.1 percent in the Slovak Republic).

Czechoslovakia's state budgets showed a combined surplus from January through September 1992 of 600 million crowns (20 million USD), with the federal and Czech budgets showing a surplus and the Slovak budget a deficit, the report states.

[Bratislava SLOVENSKY DENNIK in Slovak on 11 December on page 2 carries an 800-word CTK account

of the Federal Finance Ministry report, which includes the following additional passage on the structure of foreign trade, citizens' revenues, the development of savings, and credit policy: "The proportion of countries with an advanced market economy in exports increased from approximately 51 to almost 64 percent and the proportion of these countries in imports from 47 to 59 percent.

"The total income of the population in the January-August period, compared with the same period a year ago, increased 20 percent in nominal terms and 8.6 percent in real terms. Taking into account the more than 10-percent increase in consumer prices, real spending of the population increased 2 percent.

"Savings of the population reached 517 billion korunas in the CSFR at the end of August; the increase for the first eight months of the year represented 47.6 billion korunas, compared with an increase of only 22.6 billion korunas in the first eight months of 1991. The greatest increase was in deposits on foreign exchange accounts (increase of 18 billion, to 45 billion korunas) and in commercial banks (increase of 13 billion, to 25 billion korunas), whereas deposits in savings banks, which represent the decisive volume of the population's monetary reserves, increased by only 4 billion korunas, to 296 billion at the end of August.

"The report states, furthermore, that in the period under review monetary policy lost its restrictive character. The total volume of domestic credits increased from 770.4 billion korunas at the beginning of the year to 847.3 billion korunas at the end of August. Credits extended to enterprises and households increased by 78 billion korunas to 778 billion. Credits granted to the private sector developed dynamically and their volume more than doubled compared with their level at the end of last year."]

Slovak Unemployment Drops in November

AU1412184792 Prague CTK in English 0954 GMT 10 Dec 92

[Text] Bratislava, Dec 10 (CTK)— Unemployment in Slovakia fell by 0.11 percent at the end of November to 10.29 percent, according to figures released by the Slovak Ministry of Labor, Social Affairs and the Family.

Unemployment rolls shrank by 2,830 people compared to October, bringing the total of those currently seeking work to 257,884, the Slovak news agency TA SR reported.

The Michalovce and Trebisov regions in East Slovakia and the Dunajska Streda region around Bratislava were hardest hit, reporting unemployment figures between 16.77 and 19.54 percent, well above the republic average.

[Bratislava NARODNA OBRODA in Slovak on 11 December on page 22 carries a 100-word TA SR report on Slovak unemployment figures, which adds that, of the 257,884 job seekers registered in Slovakia at the end of November, 86,231 were collecting unemployment benefit. The report also notes that Slovak labor offices reported 17,015 job vacancies at the end of November.]

Bank Study Predicts Recovery in Both Republics

AU1412124292 Prague CESKE A MORAVSKOSLEZSKE ZEMEDELSKE NOVINY in Czech 9 Dec 92 p 4

[Report by Drahoslav Zeman: "The Economies of the Czech Republic and the Slovak Republic in 1993; Study of the Czechoslovak State Bank Economic Institute Forecasts Continued Recovery"]

[Text] "A trend toward economic recovery will assert itself in the economies of the Czech Republic and the Slovak Republic in 1993, though with different intensity," says the study "Autumn 1992" produced by the Economic Institute of the Czechoslovak Academy of Sciences and the Czechoslovak State Bank Economic Institute.

The team of authors, which was headed by K. Janacek, cites a number of arguments in support of this view—particularly the development of the private sector, chiefly in services and retailing, but gradually in the primary and secondary spheres as well. The private sector in the Czech Republic is expected to develop faster than in the Slovak Republic, which will also have an impact on the development of unemployment (5 to 7 percent in the Czech Republic, around 15 percent in the Slovak Republic). The growth of exports from the Czech Republic to advanced market economies should also continue. The growth of the building and building materials industry is expected to continue in both republics. The recovery of industrial production is to vary and will depend more on the adaptability of individual enterprises than on the sector in which they are active. The first effects of large-scale privatization, such as the clarification of ownership status, more efficient employment, and improved management, should also make themselves gradually felt. The effect of foreign investment, both that which has flowed into our country hitherto and new investment, should make itself felt, too. The position of the Czech Republic is more favorable in this regard.

As for the development of one of the most important macroeconomic indicators, gross domestic product, the study estimates that in the Czech Republic it could increase by between 1 and 4 percent next year. The actual increase will depend on maintaining the rate of growth of exports to advanced states and on the gradual recovery of domestic demand. In the Slovak Republic, gross domestic product is more likely to stagnate. Regarding the possibility of a Slovak economic recovery by means of deficit spending, the authors state that such a recovery is likely to be thwarted by the inflation that this economic policy would generate.

The projected growth of consumer prices (inflation) is between 15 and 18 percent for the Czech Republic and much higher, between 30 and 40 percent, for Slovakia. "Should a broader-based price regulation be implemented in Slovakia, it is highly probable that hidden inflation will once again make itself felt, although the level of this is very difficult to estimate," the study states.

Thanks to the faster growth of the share of the private sector in the economy, to an upsurge in tourism, and to greater signs of economic recovery, the Czech Republic is also more likely to reach and maintain a slightly positive growth of real earnings. Nominal earnings are expected to grow by 20 to 22 percent and the expected increase in real earnings is in the range of 2 to 6 percent. Such a [positive] development in Slovakia is less likely.

The authors of the study also draw attention to the fact that the coordination of economic policies between the two republics, in the monetary sphere, for example, can reinforce the confidence of enterprises and reduce the level of risk and uncertainty. This would prevent a slowdown or suspension of recovery, which has already started in both economies this year.

Bank Official Discusses Future of Currency Union

AU1412142592 Prague LIDOVE NOVINY in Czech 8 Dec 92 pp 1, 6

[Interview with Marian Tkac, Czechoslovak State Bank vice governor for Slovakia, by Petr Husak; place and date not given: "Half a Year for the Division of the Currency"]

[Text] We spoke with Marian Tkac, Czechoslovak State Bank Vice Governor for Slovakia and a hot favorite for the post of governor of the Slovak issuing bank, about the ambitions of the Slovak economy, the currency union, and its feasible separation, the revaluation of Slovak currency, and crude oil seven kilometers underground.

[Husak] How long will the currency union last?

[Tkac] The Slovak National Bank will be established on 1 January 1993. How long will the union last? That is rather a matter of guesswork. I dare not even guess which republic will be the first to propose its termination. Slovakia will do everything in its power to prevent an early end of the union. The longevity of the currency union, however, does not depend on the Slovak Government and the issuing bank alone, but also on the behavior of the population.

[Husak] Rasin's Ministry of Finance in 1918-19 needed approximately 100 days for all its preparatory work for the currency separation. Tiso's government in the spring of 1939 needed just 40 days to do the same. How much time is needed to separate the currency this time?

[Tkac] I expect that it will take at least 180 days. Of course, it could be done faster. It is a signal to the world and to the citizens of both republics that we are not doing anything in a rush. Nor that we want at any cost to knock down the other party. In an emergency, we can overprint the bills. I firmly believe that we will not need to employ that method.

[Husak] Do you admit that sooner or later currency separation must be implemented, since it would not be an independent Slovakia if it did not have its own currency?

[Tkac] One could say that. Although I can imagine an independent Slovakia with the ECU (the European Currency Unit, which is envisaged as becoming the common currency of all Europe) or even with the Czechoslovak koruna. It is not a habit in modern Europe for one state to use the currency of another. I can imagine, however, us becoming a small Maastricht.

[Husak] Czech politicians, planners, and economists identify three main reasons for separating the currency: First, Slovakia wants an independent state and that cannot be achieved without its own currency; second, the orientation of the Slovak Government is based on different priorities; finally, Czech economists expect different economic developments in the two republics....

[Tkac] In order to comprehend the reasons and correlations of the different economic developments in the Czech lands and Slovakia, we must turn to history. If we study Slovak history all the way back to the time of King Svatopluk, we learn that it is redolent of Slovak nature—there are steep hills and vertical drops. History has periodically given Slovakia its chance, only to snatch it cruelly away again. From 1918-38, 660 factories closed in Slovakia. A quarter million Slovaks left the country to find work in the United States. Why? Because, the annexation of Slovakia to the Czech economy suddenly translated all Slovak priorities into taboos. Slovakia had to adjust to Czech interests. The Czech market fundamentally differed from the Hungarian one. Coal mining was stopped in Slovakia because Czech coal was cheaper. Under an administration other than its own, Slovakia was losing economically. It was not because the Czechs were taking away the factories. They just followed the politics that suited them. The year 1938 came, and the independent Slovak State was doing well economically. The Slovak koruna maintained parity with the Swiss frank. Then came communism. In a way, this suited the Slovaks. Then communism went. The tools of economic policy are valid again. The Prague center uses them indiscriminately for both republics. Slovakia, however, pays for this. The mass of the unemployed is steadily growing, and the development of economic indicators differs from that of the Czech Republic. If we assess it now, three years after the revolution, the economic situation in the CSFR is very good. Nevertheless, things look different in Slovakia. If Mr. Klaus were in charge of Czech economic reform, he would deserve the Nobel Prize. In Slovakia, however, the implementation of his

approach has its weaknesses. The difference in the economic developments in the two republics is a fact. Already that is a reason for Slovakia to seek different alternatives in economic policy.

[Husak] What alternatives do you have in mind?

[Tkac] Economic policy must focus on utilizing Slovak possibilities—Slovak natural resources and beauties—on the development of tourism. It should be characterized by a revival and economic development.

[Husak] How will it be financed?

[Tkac] Slovakia is convinced that its separation from the CSFR will make it more visible. International capital will learn that here is yet another address. Slovakia will do everything in its power to make it a good address.

[Husak] Nevertheless, so far only 8 percent of the capital invested in the CSFR has found an address in the Slovak Republic. Why?

[Tkac] There are many reasons—from the subjective to the objective ones. A capitalist will always come to the capital city, and will not make it to other places. Even in the Czech Republic, most foreign capital is in Prague and its environs. If Slovakia attains its own address, it could become the Switzerland of the east.

[Husak] Slovak Switzerland, or Slovak Hong Kong, are terms you frequently use. If someone "threatens" us with Switzerland, we are taken aback....

[Tkac] A large market is opening on our eastern border, and there are no banks, hotels, or services. Eastern Slovakia could build on that and become rich. Slovakia is, in a sense, virgin territory.

[Husak] There is no doubt that being virgin territory is an advantage. It is not a guarantee, however, of the correctness of the economic policy and the riches of the country.

[Tkac] Virgin territory provides the chance. It there is no crude oil underneath, it really has nothing to offer.

[Husak] Is there crude oil underneath?

[Tkac] I am convinced that something will be found at depths of over seven kilometers. A U.S. company has made this conjecture.

[Husak] The Czech and the Slovak Governments adopted the so-called Amendment to the Treaty on Currency Arrangement, which specifies four criteria. Violation of any of them provides the basis for quashing the treaty. The first criterion is violated when the foreign currency reserves of one of the republics decline below the level of the value of one month's imports as expressed in a convertible currency, thus threatening the stability and internal convertibility of the common currency. After 1 January, Slovakia will receive approximately a third of the "federal $5 billion." Because it has only a 20-percent share in the exports of the common state, and approximately 30 percent of the imports, its convertible currency reserves could decline below the one-month import level....

[Tkac] These data are valid only conditionally, because it is impossible to guess as to their source (in the Czech Republic or in the Slovak Republic). The greatest problem in dividing the property of the CSFR, one that might threaten the existence of the currency union, is the partition of the transit gas pipeline. That is a typical example of resources being created at one location and documented elsewhere. Czech experts estimated that if a part of the pipeline in Slovakia is used to transport gas to the Czech Republic and West Europe, it can add an annual $500 million to Slovak revenues. Under these circumstances, Slovakia will be able to satisfy the currency criteria for a relatively long time.

[Husak] The second criterion leading to the division of the currency is satisfied, according to the Amendment on Currency Arrangement, if a speculative movement of capital from one to the other republic occurs to such an extent that it would fundamentally threaten the operation of the banking system, i.e., to the extent of more than 5 percent of the total of bank deposits. Since a devaluation is expected in Slovakia, a speculative wave might move capital from Slovakia to Bohemia, and it could have implications for this criterion rather easily.

[Tkac] If you add $500 million annually to the Slovak convertible currency reserves, it means that Slovakia can afford to revaluate rather than devaluate its currency. As a result, the expectation of devaluation would not bring Slovak capital to Bohemia but it would be the other way around. Moreover, if we explain to the population that any movement of savings away from the territory of their own state is risky, such speculation will not occur.

[Husak] How will you explain this to the population?

[Tkac] I do not want to claim that if Slovaks deposit their money with Czech banks, they will lose it. I can imagine, however, that in the event of currency partition, both the Czech Republic and the Slovak Republic will give preference to their own citizens, and will exchange their old currency for the new one first. The others will have to wait.

[Husak] If a Slovak citizen deposits money in a Czech bank, I cannot imagine that, short of a communist revolution, someone could take it....

[Tkac] I did not mean to say that someone would take it, no, but Bratislava citizens will have to go to Zlin, or Hodonin, and ask to exchange there.

[Husak] The third criterion leading to the division of the currency goes as follows: Currency separation will occur if the current budget deficit of one of the contracting parties exceeds 10 percent of the budget revenues. Slovakia will lose 20-30 billion [currency not specified] in revenues from the federal budget. It will need money for

new embassies, its army, arms industry conversion, unemployment benefit, etc....

[Tkac] The Slovak Government has decided to maintain a balanced budget in 1993, and it is prepared to do everything in its power to satisfy this criterion.

[Husak] Where will the money come from to finance all this?

[Tkac] If we do not obtain money from the transit pipeline, we will make budget cuts so there is enough in the treasury. The economy minister submitted a document to the government in which he asks for 23 billion korunas to revive the economy. The finance minister, in the interest of balancing the budget, can offer just 3 billion. The rest must be borrowed from international organizations.

[Husak] That way, Slovakia will have to tighten its belt even more than under Minister Klaus. Do you believe that the citizens are ready to do it?

[Tkac] No. A lot can be achieved, however, before the end of the year. People must learn the truth, and I believe that they will accept it. Citizens—not only the Slovak ones—want good prospects. They know that a currency reform has taken place even though no paper money has been exchanged. After all, 100 korunas will buy you today what 40 korunas used to buy a while ago. It is our obligation to tell people that what is coming might be even worse, but that on a certain date it will all end. The government will approach very sensitively the most important issues, such as the price of bread or the question of housing, and it will solve them.

[Husak] If the currency commission—composed of three representatives of the Czech and three representatives of the Slovak Republic—does not reach an accord, will the currency be divided?

[Tkac] If the currency committee repeatedly could not reach an accord, it would be likely. Nevertheless, each party should carefully consider whether taking a firm stand is worth terminating the currency cooperation.

Bank Official: Slovak Deposits Won't Be Frozen

AU1412142492 Prague CTK in English 1707 GMT 9 Dec 92

[Text] Bratislava, Dec 9 (CTK)—Vice-governor of the Czechoslovak State Bank, Marian Tkac, told CTK today it was out of the question that savings deposits of Slovak residents would be frozen after Czechoslovakia's partition next month. He added that imposing such measure would be utterly groundless.

Tkac said that one currency to be shared by independent Czech and Slovak Republics could be maintained for up to two years if both sides show appropriate interest. However, Slovakia must prepare itself in six months for a currency separation so it would not place itself in a bind.

The banker explained this by saying that Czechoslovak Premier Jan Strasky recently expressed an opinion that the Czech Republic would have its own currency by next Easter.

Ministry Denies Troops Sent to Slovak Border

LD1412231892 Budapest MTI in English 1212 GMT 14 Dec 92

[Text] Budapest, December 14 (MTI)—Hungary's Defence Ministry on Monday [14 December] denied a report by the Czechoslovak news agency CTK that a high-ranking Hungarian officer had said that Hungarian Army troops had been deployed near the Slovak border.

"A report issued by CTK on Sunday [13 December], according to which Brigadier General Jozsef Kelemen, deputy state secretary, said Hungarian military units had been deployed near the Slovak border, fails to correspond to facts," the ministry statement says.

According to the statement, "stemming from tasks assigned to the Hungarian Armed Forces within the earlier alliance, the majority of Hungarian troops were stationed in the Transdanubian region, in the western part of the country. In the course of redeployment starting from 1990 and based on the new defence guidelines, some military groups have been sent to new bases. The redeployments, however, have not affected areas along the Slovak border.

"As reported earlier by the Defence Ministry and the Hungarian Army headquarters, the process of redeploying part of Hungarian military units to new garrisons was completed this year," says the ministry statement.

State Secretary Says Romanian Talks 'Successful'

AU1512090792 Budapest MTI in English 1856 GMT 12 Dec 92

[Text] Budapest, 12 Dec (MTI)—"Our aim was to prevent certain tensions existing between the two countries from spreading over to the military sphere, which would involve unpredictable consequences," Erno Raffay, parliamentary secretary of state at the Ministry of Defence, told Hungarian reporters in Bucharest on Friday [11 December] evening.

"In view of the highly positive response given to our related proposals by the Romanian side, I would say the trip was successful. Another indication of this was the meeting with Defence Minister Niculae Spiroiu, which lasted more than an hour instead of the planned 30 minutes and again showed the opposition of Romania's supreme military command to the extremists. Now the task is to promote understanding at lower levels too," the state secretary said.

Raffay's talks with Colonel-General Paul Keller, commander of the 4th Romanian Army, also covered proposals to organize direct delegation exchanges between the 4th Army and the neighbouring 3rd Military District in Hungary.

Practical questions discussed included mutual care for soldier's graves in the two countries. The Romanian side presented a map of Romania's 350 Hungarian military cemeteries and soldier's tombs, and Hungary promised to conduct further research to punctuate data about Romanian graves in the country. The other points were discussed in a similar spirit, and these discussions will be continued, Raffay said.

The state secretary noted with satisfaction the closeness of the Romanian and Hungarian military doctrines. In reply to a question from Romanian reporters, he confirmed his agreement with Spiroiu's opinion that there is no "Hungarian danger" threatening Romania, nor does a "Romanian danger" exist for Hungary, because what matters is not the number of arms but the intention of their owners.

Parliament Official on Action in Somalia, Bosnia

LD1312170492 Budapest Kossuth Radio Network in Hungarian 0805 GMT 13 Dec 92

[Interview with Istvan Hegedues, vice chairman of Hungarian Parliament's Foreign Affairs Committee, by unidentified announcer; place and date not given; recorded—from the "World Clock" program]

[Excerpts] [Announcer] Let us start with Somalia. [passage omitted] Which Hungariuan interests require our troops' participation in the action in Somalia?

[Hegedues] There is no direct interest. But from an international point of view, I can only say that Hungary has to participate in all international cooperation, the purpose of which is to guarantee a country's or a region's security either from a humanitarian or a military aspect. If the Hungarian republic misses out on these actions, we will be viewed as preoccupied only by our own small problems and ignoring all other, not directly Hungarian interests, but which are international interests.

[Announcer] Still, there are many international interests. It has happened before also, that under pressure from our big allies, Hungarian soldiers were sent abroad. Is it not possible that now we want to indulge the big new alliances?

[Hegedues] I do not think that this comparison is good, because earlier on the Soviet Union indeed simply dictated. [passage omitted] It is in our interest that at last we should be able to cooperate with the developed West from a military policy, security, and technological point of view, which, in the long run, could indeed serve Hungarian security policy interests. [passage omitted] This is a UN action, and it is important, and its main force is the United States, just as happened during the Gulf crisis. As to why this happened there, well, perhaps because this was the place where consensus was the easiest to establish among members of the Security Council, for an action like this does not violate anybody's interest and it cannot be said that this is the internal affair of Somalia, for there is no Somali government. However, I believe that if this action is successful, it could help all those who would like the United Nations to act elsewhere also.

Whether it should also intervene in Bosnia is a different matter, since there is a central government, and it is all too obvious, what sort of groups are fighting with each

other on the basis of ethnicity. Somalia is much more obviously a humanitarian problem. But if this action is successful, we can get to the point where the voices of those who have been demanding for a long time that the United Nations should intervene in Bosnia more effectively will be heard more loudly.

[Announcer] But is this not precisely the aim of this U.S. action, because they are very wise, for they know perfectly well that they do not want to or are not able to intervene in Bosnia, knowing only too well what would this mean, however, something has to be done. So this is some kind of substitute action, a conscious side-stepping of Bosnia.

[Hegedues] I trust that this is not a diversionary maneuver but that it will be the preparation to the next, bigger action.

[Announcer] And would we participate in that one too?

[Hegedues] No, no way. The concept that a neighboring country should not participate in a UN action is a very important one. [passage omitted]

Army Prepares To Participate in Somalia Action

AU1412160692 Budapest MTI in English 2038 GMT 9 Dec 92

[Text] Budapest, 9 December (MTI)—After a sharp debate at the joint session Wednesday [9 December] of Parliament's Foreign Affairs and Defence Committees, parliamentary deputies approved, in principle, Hungary's participation in the Somalian relief action under UN auspices.

At the proposal of Gyula Horn (Hungarian Socialist Party), the compromise resolution adopted also includes the provision that the two committees will make a final decision only after hearing a comprehensive report issued by the government.

The parliamentary deputies reluctance was basically due to the limited amount of information at their disposal and the lack of a concrete governmental position.

There was a general agreement that Hungary should participate in the mission, but deputies were strongly critical of procedural errors committed by the government in presenting the proposal, such as the prime minister's failure to consult the appropriate parliamentary committees beforehand.

Antal Annus, administrative state secretary of the Ministry of Defence, reported on preparations under way in the Army. Plans include the establishment of a relief camp in Somalia for humanitarian purposes, the use of one or two transport planes to carry aid consignments and patients, and the dispatch of about 400-500 volunteers to cover the route of relief supplies and to help with distribution.

Hungarian soldiers would be deployed only in the second line, behind U.S. and French troops.

Hungarians in Slovakia Protest Curbs on Language

LD1412230092 Budapest Kossuth Radio Network in Hungarian 2000 GMT 14 Dec 92

[Text] The minority organizations of the neighboring state [of Slovakia] have raised their voice against the negative linguistic discrimination against Hungarians in Slovakia. At an international press briefing the leaders of Coexistence and the Hungarian Christian Democratic Movement expressed their concern that in Slovakia the use of the mother tongue by the Hungarian minority is restricted even more strictly than during the period of the party state. By way of illustration they said that in the Hungarian language programs of Bratislava Television, they have banned the use of Hungarian equivalents for Slovak place names, and in several cases the Slovak offices do not undertake wedding ceremonies or funeral services in Hungarian.

HDF Board Issues Statement on TV Controversy

LD1312211892 Budapest MTI in English 2032 GMT 13 Dec 92

[Text] Budapest, December 13 (MTI)—The National Board of the Hungarian Democratic Forum [HDF], the largest party of the government coalition, adopted a statement on the controversy surrounding Hungarian Television, at its weekend session in Hodmezovasarhely, southeast Hungary.

Following the discovery of financial offences at the television, TV President Elemer Hankiss, TV1 intendant Gabor Banyai and general economic manager Laszlo Nagy were suspended from their offices for the time of investigations.

In the statement, the HDF board rejects all attempts at making the governmental steps to ensure the lawful operation of Hungarian Television as political measures.

The criminal proceedings, started against the TV economic manager and the intendant of Channel One on suspicion of economic abuses, would be too early to qualify at present. Procedure and decision this affair are the responsibility of the police and the prosecution, and then of the court. The disciplinary action against the TV president was initiated in connection with managerial responsibility for the offences.

Society justly expects the government not to tolerate economic abuses, and to take firm and resolute action on suspicion of such offences. Any assessment which links the case of the implicated persons with the legal institution of press freedom is incorrect and erroneous, the document runs.

The statement points out that unbiased television work cannot indeed be ensured by police methods, and this is not the case this time either. The impartial operation of Hungarian Television can be guaranteed by a suitable leader, appropriate managerial activity, the balanced presentation

of the views of different political forces and by, among other things, passing the media law as soon as possible.

Interior Minister Views Political Issues

AU1412142992 Budapest PESTI HIRLAP in Hungarian 10 Dec 92 p 4

[Interview with Interior Minister Peter Boross by Mihaly Vicsotka; place and date not given: "Christian Morality and National Ideology"]

[Text] [Vicsotka] You visit many places throughout the country. What do people ask most frequently?

[Boross] They ask, for example, why the government is weak, why it is centralized, and why the interior minister has so much power and can create order anywhere at any time by putting one or two units into action.

[Vicsotka] What is your answer?

[Boross] I say, for example, that the government is not weak, but it has to conform to the conditions created by historical circumstances.

[Vicsotka] I would be interested in a more detailed explanation.

[Boross] Until February 1990, the participants of the opposition roundtable were worried that the communists might change their mind and would not hand over the power. The worry can be seen as well-founded because there was a core that held the weapons that could have delayed the change of the regime. For this reason, the Nemeth government had to be kept under constant constitutional pressure during the negotiations. On the other hand, the Soviet Union still existed, and its soldiers were here. The slightest changes there could have changed the power structure in Hungary. It is typical that, after the coup against Gorbachev, I met Kryuchkov in the Moscow prison three times. He always asked me how [former communist official] Gaspar or [former prime minister] Grosz were.

At the same time, the liberals—I would prefer to call them bourgeois radicals—emerged with an incredible strive for power. When they were defeated in the elections, they annulled the consensus at the moment of the birth of the new government. The pact that now hinders and delays many things became unavoidable because of the circumstances. No one should forget! The country had an $800-million foreign currency reserve in contrast with the 10 billion [currency not specified] imports. At the start of this government, in this atmosphere, we had to achieve the Russians' withdrawal, our departure from the Warsaw Pact and CEMA, and the structural change of the economy.

As to the accusation of centralization, let me say that people who are not acceptable to the government are not tolerated at the head of the media either in the West or in the East. According to many people—this is not my view—occasionally it is a mistake for the state to be so constitutional.

Finally, something about my power: My favorite predecessor, Ferenc Fischer Keresztes, who was in office during Horthy's time, resolved a number of issues through decrees for which I need a two-thirds majority in parliament. He achieved his goal in two months while I need one and a half to two years.

[Vicsotka] There are strange things happening around the Independent Smallholders Party [FKgP]. For example, Prime Minister Jozsef Antall addressed Jozsef Torgyan as a national party chairman while Gorgy Szabad, chairman of the Parliament, calls the members of the seven independent deputies.

[Boross] It is difficult to talk about this briefly. The High Court made its ruling; therefore, the prime minister, who follows the constitutional route, addressed Jozsef Torgyan—who is actually an interesting character in Hungarian public life—as chairman. The FKgP received its money as a result of a court judgment. However, there are parties, and there are parliamentary deputies. The deputies, if there are at least 10 of them, form a faction. Torgyan and his associates cannot do this, as there are only seven of them. In addition, the party delegates deputies. However, the party later moves in a specific direction. However, 38 people do not follow this because they say that, at the time of the election, they agreed on something else. However, these people still remain as deputies, claiming to be part of the FKgP faction and the coalition. Regardless of this, it is a fact that Jozsef Torgyan is the chairman of the FKgP. Even if they are far from the spirit of Endre Bajcsy- Zsilinszky, Bela Varga, Dezso Sulyok, or Dezso Futo.

[Vicsotka] Can you notice any ideological differences between the coalition parties?

[Boross] I do not notice any fundamental differences, but their programs are markedly different, and they emphasize different things that need to be done.

[Vicsotka] Why do the two wings of the FKgP oppose each other?

[Boross] Not for ideological reasons. The internal erosion of the FKgP was caused by unbridled power ambitions, a style and practice that was not liked by many.

[Vicsotka] In your view, after the Democratic Charter, is it necessary for an alliance based on right-wing Christian-national ideas to be formed?

[Boross] I do not know. The alliance of similarly-thinking people is never repugnant. The form of this and whether it is manipulated by a party or a party group is a different issue. We can quote such examples for and against from our history. However, generally, I accept all associations that have an honest goal.

[Vicsotka] I assume that you consider those that are described as Christian and national honest....

[Boross] I am convinced that it is the Christian morality in a cultural sense and the adherence to the national thought that also link the parties of the coalition.

[Vicsotka] What is extremism, in your view?

[Boross] Such manifestations that formulate their program against the will of the public and against democratic tolerance. The chance of their coming to power carries a threat because people, for whom power is more important than the rights of people and society and who subordinate everything to their power ambitions, would create an uncertain situation. Sometimes they hide away and pretend to be something else, but we can recognize them even in Hungarian public life.

Minister Claims Interview 'Falsified'

AU1412211092 Budapest NEPSZABADSAG in Hungarian 11 Dec 92 p 23

[Unattributed report: "Boross Has Not Been to Kryuchkov's Prison"]

[Text] The Interior Ministry forwarded the following statement signed by Eszter Szabo, press chief of the ministry, to the National Press Service of the Hungarian Press Agency:

The 10 December issue of PESTI HIRLAP on page 4 carried an article under the heading "Christian Morality and National Ideology."

The author, Mihaly Vicsotka, used "A Conversation With Interior Minister Imre Boross" as the other heading, which may have given readers the impression of an interview. However, this was not one.

The journalist only asked the three last questions in the article and he correctly published the answers. The first—and larger—part of the article is not an interview, but an inaccurate summary of statements made at an 8 December public forum in Pomaz.

This section strongly distorts the actual statements and provides an opportunity for misunderstandings.

For example, Peter Boross had indeed been to Moscow and met Kryuchkov, the then chairman of the KGB; not, however, in the prison but at the negotiating table, and not after but before the coup attempt, at the end of June 1991.

Because of the distortions, the interior minister considers the article falsified both in its genre and contents.

SZDSZ Official Views Right-Wing Danger

AU1412060792 Budapest NEPSZABADSAG in Hungarian 5 Dec 92 p 11

[Interview with Janos Kis, philosopher and member of the National Council of the Alliance of Free Democrats (SZDSZ), by Lajos Pogonyi; place and date not given: "Extreme Right Wing Is Political Anachronism"]

[Excerpts] We interviewed Janos Kis about the extreme right wing phenomena in Hungary, the alleged leftist danger in Hungary, and about the trade unions and the Interest Coordination Council. [passage omitted]

[Pogonyi] Is Ivan Peto's election as chairman of the Alliance of Free Democrats [SZDSZ] a source of satisfaction to you?

[Kis] The important thing is the processes that have taken place among the SZDSZ members in the past year, rather than the person who won. A considerable consolidation has taken place, and this has made it possible for the SZDSZ to have a uniform and self-confident leadership today. Naturally, this is a satisfaction for me.

[Pogonyi] One can see a drift toward the right in Hungarian political life. Gyorgy Kondrad wrote recently that "a fascism hiding behind democratic phrases and referring to the majority principle has emerged these days." Are there any signs of this in Hungary, too?

[Kis] Yes. At the same time, however, the extreme right wing does not stand a chance of gaining massive support in Hungary. The extreme right wing is a political anachronism.

[Pogonyi] Then why is it dangerous?

[Kis] Because its supporters and even some of its organizers come from the government coalition. Leading government party politicians provide an ideology for this right-wing movement. Politicians affiliated with government parties organize paramilitary groups, and the government tolerates, and sometimes even supports the increasingly illegal activity of these organizations.

[Pogonyi] You recently said that Prime Minister Jozsef Antall is neither an extreme right-wing politician nor an anti-Fascist one.

[Kis] One who clearly and firmly rejects Nazi manifestations and calls such manifestations by their name is an anti-Fascist. Such an anti-Fascist person acts this way because a democrat cannot do otherwise, and not because he has to explain things everywhere from America to Tokyo. Jozsef Antall's hesitation is morally questionable and also has proved negative from a political viewpoint. With its current serious crisis, the Hungarian Democratic Forum [MDF] is paying for the failure of its leading circles to take a consistent and clear stand against the extreme right-wing trend within the party at the time. Unfortunately, the consequences are felt by the whole country. The MDF crisis is also destabilizing the general domestic political situation, because we are talking here about the backbone of the government coalition. Unpredictable events could take place and uncontrollable processes could emerge. [passage omitted]

[Pogonyi] Do you see any hope of easing the current political storms?

[Kis] An atmosphere should emerge in which the police, the Army, the attorney general, judges, and the public service apparatus are well aware that the current situation is only temporary.

[Pogonyi] Are you sure that this would be good?

[Kis] People must feel that Hungary will have a different government in two years' time. They will have to live with a government that will see to it that the laws are strictly observed. It is important for all those who are formally or actually subordinated to the government to be aware of the fact that the current coalition will disappear after four years, and it will not settle for the coming forty years, and that the change in government cannot be avoided by abusing power. Of course, it is also very important to make it clear that anyone who observes the laws has nothing to fear, no matter who put him in his position, the Hungarian Socialist Workers Party or the MDF. The composition of public service does not have to follow the government's party composition. [passage omitted]

Socialists Suggest Talks To Overcome Crisis

AU1412162292 Budapest MTI in English 1315 GMT 10 Dec 92

[Text] Budapest, 10 December (MTI)—The opposition Hungarian Socialist Party (MSZP) has proposed Hungary's six parliamentary parties to discuss initiatives aimed at maintaining the country's stability and overcoming the "crisis," in a letter from MSZP Chairman Gyula Horn, dated December 9.

Hsp sent a copy of the letter to the Hungarian news agency MTI on Thursday [10 December]. Horn writes that tension and discontent is increasing throughout the country and people are tired of political squabbles.

The six parties have a joint responsibility to seek real answers to crucial questions, rely on the values of peaceful transition, restore the prestige of democratic institutions, and keep the country governable until the next elections in 1994, the letter reads.

Hungary's six parties are the largest ruling coalition party the Hungarian Democratic Forum, the second largest coalition member the Independent Smallholders Party, and the third coalition member the Christian Democratic People's Party, as well as the largest opposition party the Alliance of Free Democrats, the Hungarian Socialist Party, and the Federation of Young Democrats.

Government Decides To Accelerate Privatization

AU1412142092 Budapest MTI in English 1327 GMT 11 Dec 92

[Text] Budapest, 11 Dec (MTI)—Bankruptcy, liquidation, privatization and the new VAT [value added tax] system, as well as monetary and credit policies for next year were the focus of cabinet's Thursday [10 December] session.

The State Property Agency (SPA) managing director Lajos Csepi and the government spokeswoman briefed the press on Friday [11 December].

The cabinet accepted new guidlines to speed-up privatization. The economic cabinet has already started on a road to a more efficient privatization system by setting up the credit guarantee company, launching several investment funds and establishing a preference system for small domestic investors, as well as paying more attention to the interests of different sectors, to employment and to regional development.

The SPA has been authorized to extend privatization of state-owned assets to about USD [U.S. dollars] 24 billion, in 1990 values. To date, nearly 30 per cent of this has been partly or fully privatized.

Statistics have shown that businesses operate more effectively when they are not fully state-owned.

Unprivatized state assets lose about USD 72.3 million of their value each month, Csepi said. The government also had to find ways to boost domestic demand.

Meanwhile, the government has asked the National Bank of Hungary [NBH] to ease conditions for existence loans to enable more Hungarian citizens with less capital to receive them.

Existence (or E) loan funds were given to Hungary by Germany a few months after the Antall administration took office in 1990, to help in the restructuring of the country's economy.

According to the government, the NBH should extend the loan's term from 6, 8 or 10 years to 15 years and its grace period from 1 or 2 years to 3 years, while reducing the interest rate from 16.6 percent to a maximum of 7 percent.

Hungary will draw a loan of USD 90 million from the World Bank for a 15-year term, government spokeswoman Judit Juhasz said.

The government would give a central budget guarantee on energy imports for next year to secure energy supplies for the country, she said. Hungary expected to import 6 million tonnes of oil, 5.5 billion cubic metres of gas and 2 billion KW of electricity in 1993.

The cabinet session also approved an agreement between insurers, representatives of car-owners and government representatives on an average 14 per cent rise in compulsory vehicle insurance. Earlier, insurers had called for an increase of 20 percent.

Under an agreement reached in the interest-coordination council, which comprises employers,

employees and government representatives, the government has abolished central wage regulation.

Preparing for the introduction of a new 6 and 25 percent VAT system instead of 0, 10 and 25 percent, the government issued a decree on pricing, under which the price of a product may be raised only if the VAT-rate on the product has gone up.

At the session, the government heard a report on the effects of the law on bankruptcy and liquidation. According to the report, from January to the end of September, courts registered 3,809 bankruptcy declarations, while 7,859 declarations were registered for liquidation procedures. Bankruptcy and liquidation procedures affect 9 percent of players in the economy.

Belarus Signs Defense Cooperation Statement

LD1512140992 Warsaw PAP in English 1330 GMT 15 Dec 92

[Text] Warsaw, Dec. 15—Defense Minister Janusz Onyszkiewicz and his Belarusian counterpart Gen. Colonel Pavel Kozlowskiy signed on Tuesday [15 December] in Warsaw a statement on establishing cooperation between the two ministries. The statement provides for establishing permanent working contacts, mutual training of personnel, exchange of experiences and opinions on defence.

The signing of an agreement on military cooperation is scheduled to take place during Minister Onyszkiewicz's visit to the Republic of Belarus next year. Poland has already signed agreement on military cooperation with Latvia and a similar agreement with Ukraine is under preparation.

CSFR's Knazko, Skubiszewski Discusses Cooperation

AU1412141992 Bratislava NARODNA OBRODA in Slovak 10 Dec 92 pp 1, 4

[Report by Peter Fridner: "Warsaw Welcomes a New Partner"]

[Excerpt] [passage omitted]

A Coordinated Approach To the EC

In reply to a question on whether Poland intends to coordinate with Slovakia in its endeavor to join European institutions, especially the European Community, Polish Foreign Minister Skubiszewski said—positively and unequivocally—"of course"; he also referred to the Slovak Republic's attempt, along with the Czech Republic, to acquire the EC associate member status.

The main bilateral issue under discussion was the need to improve transportation links between Slovakia and Poland. Eight border crossing points—the current number—are considered too few. Minister Knazko also mentioned support for cultural ties and other sectors of mutual relations.

Cooperation Within the Visegrad Quadrangle

However, the most emphasis was placed on the issue of multilateral cooperation, especially within the Visegrad Triangle, which will—obviously—become a quadrangle after the CSFR breaks up. In this regard, the Polish representatives expressed their interest in ensuring that all the CSFR's commitments are transferred as smoothly as possible to the successor states. In reply to numerous questions from his partners and reporters, Knazko repeatedly explained that Slovakia is prepared to sign an agreement on a free trade zone with Poland, Hungary, and the Czech Republic. This signature, however, depends on the Czech Republic's compliance with the creation of such a zone in harmony with the Agreement on a Czech-Slovak Customs Union.

We found out from circles close to the Slovak delegation that, apart from the economy, the Poles were interested in the security aspect of Slovak policy within the framework of the Visegrad Triangle. They also demonstrated their initiative on other issues concerning Central European cooperation, for example, in establishing a joint committee within whose framework consultations would be held detailing the changes in the Visegrad group's legal systems to make sure they are compatible with EC regulations.

The meeting between Prime Ministers Vladimir Meciar and Hanna Suchocka—which, according to the Slovak foreign minister, is planned before the end of the year—is an important event for Polish-Slovak relations.

Milan Knazko and his party flew home from Warsaw yesterday evening.

Pakistan Army Chief Visits, Discusses Tank Purchase

BK1412123992 Islamabad THE MUSLIM in English 14 Dec 92 p 1

[Text] Rawalpindi, Dec 13—Pakistan military delegation led by the Chief of Army Staff General Asif Nawaz has completed talks with the senior military officers in Poland for the acquisition of military equipment including T-72 tanks from Poland, defence sources told THE MUSLIM here tonight. T-72 tank is the most modern battle tank available in the weapons market. During their seven-day visit to Poland, the members of the delegation explored the military equipment available for sale. They saw the demonstration of the T-72 tank.

Visiting German Minister Explains Asylum Decision

LD1412161292 Hamburg DPA in German 1413 GMT 14 Dec 92

[Text] Warsaw (DPA)—German Justice Minister Sabine Leutheusser-Schnarrenberger was in Warsaw today explaining the decision on the asylum issue taken by the parties in Bonn. She handed a letter from German Interior Minister Rudolf Seiters to the Polish Interior Minister Andrzej Milczanowski in which Seiters proposes talks. Ms. Schnarrenberger also met Polish Prime Minister Hanna Suchocka and Justice Minister Zbigniew Dyka.

The German justice minister assured her Polish interlocuteurs that Germany was not trying to offload the asylum-seekers problem to its eastern neighbours. It is now important to establish how the asylum procedure and the legal accountability can be organized. According to the compromise on the asylum issue agreed upon in Bonn, asylum-seekers arriving in Germany from Poland are to be taken back to Poland where they can apply for

asylum and stay until their application has been processed. Bonn is prepared to provide financial compensation.

Ministers Skubiszewski, Kozyrev Review Relations

LD1412220492 Warsaw PAP in English 2141 GMT 14 Dec 92

[Text] Stockholm, Dec. 14—During a meeting held Monday [14 December] by foreign ministers of Poland and Russia, Krzysztof Skubiszewski and Andrey Kozyrev, the former confirmed the invitation for President Boris Yeltsin and Minister Kozyrev to visit Poland.

The two ministers reviewed relations between their countries and stressed mutual interest in a further development of these relations. The problems under review included mutual debts and claims, the creation of Polish commercial centres in Moscow and Kaliningrad, and the ratification by Moscow of the treaty on friendship with Poland. Other issues raised in the talk were the proposed agreement on Polish military cemeteries in Russia, the proposed agreement on navigation in the Bay of Vistula, and the signing of an agreement on pensions.

Defense Minister Considers Relations With Neighbors

AU1412205692 Warsaw KULISY EXPRESS WIECZORNY 11-13 Dec 92 p 5

[Interview with Minister of National Defense Janusz Onyszkiewicz by Stanislaw Klimaszewski; place and date not given: "Justified Optimism Tempered With Caution"]

[Excerpts] [passage omitted] [Klimaszewski] Chancellor Kohl said that the unification of Germany would not make historical sense without Europe uniting at the same time. At the last Christian Democratic Union congress, he warned that much had been done in history in the name of Germany.... Meanwhile, Europe is falling part: Maastricht is coming apart, the Deutsche mark is battling with the European Currency Unit and the pound, and the French farmers are pouring Coca-Cola on to the streets. The Germans are pumping money into the eastern territories. In a few years time it will be a modern power, with, perhaps, a Republican if not fascist chancellor. Are we not afraid of that kind of "Vaterland?" [preceding word in German]

[Onyszkiewicz] I am convinced that democratic traditions have become so deeply rooted in Germany that the situation that existed before World War II will not repeat itself. Nevertheless, one has to carefully follow what is going on there because it does not mean that German politicians can consider the future of Germany and the course of democratic development a foregone conclusion. I am optimistic. There is not much likelihood of that kind of danger coming true.

The fact that so much money is flowing into eastern Germany is understandable and important. Otherwise, there could be an explosion of the frustrations that Hitler exploited for political ends before the war. Everything indicates that there is an awareness of Polish fears in Germany and a desire to act in a way that will not feed those fears. [passage omitted]

[Klimaszewski] Let us look at the east now. Ukraine and Belarus are "the fingers of one hand" linked to Russia according to Belarussian leader Stanislav Shushkevich. The removal of nuclear weapons from those states will take longer than originally envisaged. So, we will find ourselves being the neighbors of a 50-million strong Ukraine armed with nuclear weapons and with an army of Cossacks numbering several hundred thousand. Has defense policy in the east incorporated a "miracle on the Vistula River?"

[Onyszkiewicz] Not only on the Vistula, but also on the Dnieper River. It rests on reconciliation and good relations. It is not a miracle, but something that is already being realized because there is goodwill on both sides. Following the Franco-German reconciliation, which is of fundamental significance for Europe, a process of Polish-German reconciliation is taking place and a Polish-Ukrainian rapprochement. We want to sign an agreement on military cooperation. It is ready and waiting to be signed.

As far as nuclear weapons are concerned, the most important views are that they should not be disposed of for nothing, that Ukraine should have an opportunity to sell fissionable material from nuclear warheads or use them in nuclear power stations. As for tactical weapons, Ukraine no longer has any. In addition, the Ukrainians would like to receive security guarantees of some kind; talks are being held on that subject with the West. We also want to establish military cooperation with Belarus. We will be hosting a visit to Warsaw by the Belarussian defense minister in the middle of December. We will also cooperate with Russia (it is also our neighbor)—let us not forget Kaliningrad—to foster links, mutual confidence, and a feeling of security. [passage omitted]

TV Rejects U.S. Agent's Interview Conditions

LD1412175692 Warsaw PAP in English 2118 GMT 12 Dec 92

[Text] Warsaw, Dec 12—Polish television's main evening news bulletin announced on Saturday [12 December] that it had refused to accept the conditions which Ryszard Kuklinski, a former Polish Army colonel who in 1981 passed classified information on the Communist regime's martial law preparations to the United States, had attempted to impose concerning a planned TV interview.

In an unprecedented televised comment, the bulletin's editor in chief Karol Malcuzynski was responding directly to Kuklinski's revelation in Saturday's edition of ZYCIE WARSZAWY that he had turned down the

possibility of giving an interview to Polish TV in the absence of several guarantees.

According to Malcuzynski, Kuklinski had insisted that "he would reply to questions prepared in advance, that he would not be filmed, that the material would not be subjected to editing, and he required this to be confirmed in writing."

Malcuzynski said that the conditions were rejected as a matter of principle: "He was asking to be given the microphone to answer previously notified questions. We could not agree to this, because no one in this country has that right."

However, Malcuzynski said that he hoped the matter could be resolved. "I understand perfectly that Col. Kuklinski wants the full right of reply (to his Polish critics—ed. note). Our offer still stands, and on our part we will guarantee journalistic honesty, impartiality and conscientiousness," Malcuzynski said.

Tyminski on 'Catastrophic Economic Situation'

WS1112133292 Warsaw SERWIS INFORMACYJNY in Polish 1216 GMT 8 Dec 92

[Report on press conference with Stanislaw Tyminski]

[Text]

Simulation Will Tell the Truth

The subject of the conference was plunder of the Polish economy. Stanislaw Tyminski said that he had received a copy of a computer economic model from the World Bank experts that allowed him to perform a quick simulation of financial variants and to recreate Leszek Balcerowicz's plan in order to precisely calculate its effect on the Polish economy. According to Stanislaw Tyminski, the simulation proved that the Polish economy is characterized by destabilization trends, caused by the gap between inflation and the dollar exchange rate.

Tyminski on Election

Stanislaw Tyminski said that the last parliamentary election had been falsified, resulting in the current condition of the parliament.

Press against Tyminski?

Stanislaw Tyminski also said that because the Polish press is unfair, he cannot publish his articles on economy.

The Disgruntled on to the Streets

Tyminski also stated that one should go out on to the streets to demonstrate against the catastrophic economic situation. In his opinion, the president does not have "the support of the common folk," which he, Tyminski, not only is not afraid of, but he is regarded with appreciation and given kind reception.

Leader of Party X on the Polish Economy

Jozef Lasecki, Tyminski's deputy, when introducing Tyminski's article: "The Econometric Plunder of Poland from 1990 to 1995," said that as much as $60 billion disappeared from Poland, due, among others, to the absence of legal regulations on the foreign currency traffic. [sentence as published]

In Search of the Lost $60 Billion

Jozef Lasecki also said that companies exchange dollars for zlotys and deposit zlotys in Polish banks. After accruing interest on the money, zlotys are exchanged for dollars and taken out of the country. Jozef Lasecki characterized these activities as gangsterism that must be stopped.

Poll Held on Voters' Party Sympathies

AU1512105692 Warsaw RZECZPOSPOLITA in Polish 7 Dec 92 p 2

[Report by Renata Wrobel: "Democratic Union Goes Down, Left Goes Up"]

[Text] No party has lost so many potential voters in the period from October to November as the Democratic Union [UD]. No party has gained as many voters as the Alliance of the Democratic Left [SLD]. No party has as stable an electorate as the Liberal-Democratic Congress [KLD]. A "pre-electoral" poll was commissioned from the Sopot-based Social Research Workshop by our newspaper.

The UD continues to head the list of parties that voters are particularly inclined to mention, but the November result (14 percent) is significantly worse than the September one (20 percent), not to mention July (almost 23 percent).

Perhaps the people leaving the fold of UD followers are those who believe that the cost of the unexpected alliance with the ZChN [Christian-National Union] has proved to be too high. Perhaps the departure of Aleksander Hall's group has taken away some of the party's voters. Perhaps some have stopped supporting the UD because they link the difficult situation in which they find themselves personally with moves made by the government, in which the UD plays an important role (the prime minister comes from the ranks of the UD).

After a "slump" lasting several months, the SLD has returned to second place in the party rankings. It would, however, be an oversimplification to interpret this fact as nostalgia for the days of "the commies." The more likely hypothesis is that Polish society has grown tired after several years of sacrifices connected with the reforms, and longs for a sense of social security and even a situation in which people would be poor and endure hardship, but would be equal. Therefore, Polish society is inclined to support groupings that draw attention to

the welfare role of the state. That appears to be confirmed by the relative success enjoyed by another left-wing grouping, the Union of Labor [UP], which has already crossed the 5-percent support threshold within a few months and has outstripped much older parties.

"Solidarity" was always a relatively strong grouping in opinion polls and that has been confirmed. The September crisis (was it a result of involvement in social protest actions?) has been very clearly overcome and the grouping once again has an electorate of about 10 percent of those polled, and that is a secure level.

The Confederation for an Independent Poland [KPN] can consider itself to be losing. At the beginning of the year, it was regularly the second party in election rankings, but has now dropped to fourth place, its electorate having almost halved. Just a few months ago, the KPN aspired to—and had a certain chance—to tip the scales in the jockeying for political power. The failed attempts to enter successive coalition governments might have undermined some voters' faith in the importance and "seriousness" of the party.

The PSL's [Polish Peasant Party] rating is declining. It was highest in July, during "Pawlak's month," when the head of the party was prime minister (although he failed to form a government). However, the PSL continues to be one of the most significant opposition parties in the eyes of potential voters.

The KLD electorate seems to be the most stable—hovering around the 5-percent mark for a good many months. It seems that the party's supporters particularly identify with its program and actions and display the greatest degree of loyalty in Polish political life.

The influence of the ZChN is slowly, but systematically declining. In May, support for the grouping was close to the 5-percent mark, but is now well short of that. Perhaps, as in the case of the UD, people who are dissatisfied with the governing coalition are leaving the ranks of its potential voters. The ZChN's lower rating probably also stems from the same process as the decline in assessments of the Catholic Church. There is a group of Poles who do not like what they consider to be the church's excessive involvement in public affairs and that influences the public image of the institutions that identify with it.

The Center Accord must also be included among the parties whose influence is on the wane. Its chairman, Jaroslaw Kaczynski, has "always" been one of Poland's least liked politicians. Internal disputes and splits have also weakened the PC's position.

As the results of our poll show, barely seven parties (they are: the UD, SLD, "Solidarity," KPN, PSL, UP, and the KLD) would be in a position to independently, without entering into coalition, reach the 5-percent threshold in parliamentary elections. The electorate's support for the remaining parties is very insignificant (2 to 3 percent) or—in the case of most new and many older groupings—vestigial. Over 20 percent of respondents wanted to vote for parties that were below the threshold and almost 19 percent were undecided. This indicates that the result of elections would be greatly influenced by the formation of election coalitions on the one hand, and on the other hand, by a skillfully conducted campaign aimed at convincing those who are undecided.

In all speculation on the subject of elections, it has to be borne in mind that only 24.5 percent of those polled said that they would definitely vote and a further 23 percent said that they might. However, more than half of those polled said that they would not go to vote.

The poll was conducted on 14 and 15 November and was based on a representative sample of 1,093 adult Poles.

Minister Bratkowski on Housing Initiative

PM1412124692 Katowice TRYBUNA SLASKA in Polish 2 Dec 92 p 4

[Interview with Construction Minister Andrzej Bratkowski by correspondent Grzegorz Olma; place and date not given]

[Text] [Olma] Your ministry has prepared a document entitled "A New Housing Order." What does this name mean?

[Bratkowski] The package of proposals contained in our document does not advocate any extraordinary innovations in the housing sector. We presented in it suggestions derived from other countries' experience in this field, and also conclusions to be drawn from our own history. It takes a look at the housing construction sector in light of experience gained by countries with an established market economy system—but gained by them at a period when their own circumstances were comparable to our own conditions today. Thus, we can talk about the experience of the 1930's in the United States, or the 1950's in Germany and France. It was at those respective periods when the countries in question were switching over to cheap housing construction systems combined with favorable credit terms.

[Olma] What are the fundamental principles underlying your proposed "New Order"?

[Bratkowski] First of all, inviolability of the market economy system. From this, in turn, follow the sacred rights of ownership and a clearly formulated economic system. There is also the question of appropriate legislative instruments that have long been applied by civilized countries. I am thinking here of protected tenancy laws, regulated owner-tenant relationship, or the right to apply the "tenancy moratorium" principle. The moratorium in question is simply a postponement of the tenant's financial obligations in cases of exceptional family circumstances such as illness, hardship due to an "act of God," or loss of employment. However, the tenancy liabilities are only postponed within a certain time scale. Before the war there was a legal provision which declared that

the tenancy law cannot protect the poor. Of course, we could say that this is a hard and tragic aspect of life, but it is also a certain economic constraint which dictates that we can only rent the type of home that we can currently afford.

[Olma] Do you propose to introduce this economic constraint through a drastic increase of rents in the public housing sector?

[Bratkowski] That is one of several prerequisites for the implementation of the "Housing Order" scheme, and we consider it just as important as setting up housing savings and loan bank schemes and activating local loan services. On the other hand, the question of public housing rent increase is a key problem from the viewpoint of its trouble-generating potential. However, it is also a necessary precondition for the creation of a genuine housing market. At present, tenants of local public housing schemes pay only 38 percent of the real value of their rental obligations. The remaining sums are paid out of local budgets.

[Olma] So when are you going to increase public housing rents?

[Bratkowski] Originally, we intended to increase them in several stages. In the end, though, we decided to do it in one step which, according to our blueprint, should take place at the end of September and beginning of October. In parallel with the rent increases, we are planning to introduce housing allowances for almost 700,000 of the poorest families. We intend to allocate more than 4.2 trillion zlotys [Z] for this operation. This project, however, must first be approved by the Sejm.

[Olma] You describe the problem of housing shortage in Poland as a "generation problem." How much longer can we expect this contentious issue to persist in blighting the life of younger and more mature Poles alike?

[Bratkowski] I would not like to see a situation where younger people move on substantially in years before they can claim a home of their own. We must allow for a cycle of four to five years before we can begin to see some real, tangible results of our scheme. I do not wish to encourage false expectations. If our average [monthly] pay is a little above $200, and the price of a square meter of housing space costs $400, then this relationship defines the realistic ceiling of our possibilities. The processes of building up the infrastructure and preparing the ground for the housing construction sector will take at least three to five years. The same time scale is required to accumulate the minimum housing deposit in a housing bank account.

[Olma] But the ministry's project is already being criticized on the grounds that it will take some 15 years before any tangible effects can be seen.

[Bratkowski] Of course, I could tell you that the effects will be seen when we finally reach the "promised land." But then the whole cycle will acquire biblical proportions. The accusations leveled against the "Housing Order" represent an attempt to force immediate, impromptu solutions on the government. It is like suggesting that papering over the cracks is the most satisfactory way of repairing a collapsing structure. I must state categorically that, on the basis of my own experience and realistic assessment of the existing situation in the housing sector, that the technique of papering over the cracks and patching things up will not bring us even one step forward toward a real solution.

More on Housing Initiative

PM1512100492 Krakow GAZETA KRAKOWSKA in Polish 3 Dec 92 p 2

[Report by Jerzy Palosz: "Construction Minister Andrzej Bratkowski: 'We Can Count Only on Ourselves'"]

[Text] "The difficulties facing Poland's housing sector will not be solved by funds from the state budget—because there is no money in the state budget—nor by foreign loans, for these will have to be paid off sooner or later. Our only chance lies in development of such public-funded institutions as housing savings banks, and also in action campaigns run by self-government structures," Minister Andrzej Bratkowski said during yesterday's meeting with representatives of the Krakow branch of the Union of Labor political group.

The Loan Trap

The minister warned against pinning excessive hopes on the promise of the World Bank housing loans. These loans should be sufficient to build some 20,000-25,000 new homes and will be available only to relatively affluent applicants. Therefore their significance in the overall housing policy is only marginal. In addition, every one of those loans will have to be paid off eventually; this year, for example, Poland finally paid the last installment of the public housing loan taken out with foreign lenders in the year... 1924.

No Miracles Expected

The new "Housing Order" package of proposals submitted by the ministry will not bring about an immediate result in the form of new housing development projects. On the contrary, we should expect to see the number of new apartments handed over by the sector decrease by some 30,000 compared with this year. The logic of the ministry's proposals lies mainly in opening new perspectives for the future. In Germany more than half of the total sum of saving deposits is placed in public savings banks, including housing savings banks. In Poland such institutions have not yet been set up, although more than 70 percent of our public declare their readiness to deposit their money in housing saving schemes in order to save for future homes of their own.

Rent Hikes in Interest of Social Justice

Public opinion surveys indicate that tenants of the public housing sector are more affluent than members of cooperative housing schemes. However, whereas members of the cooperative housing sector pay for the cost of maintaining their homes, the rents paid by public housing tenants cover only about 38 percent of comparative maintenance costs. The planned rent increases in the public housing sector will be linked to changes in the scheme of financial assistance extended to tenants and devised to help them meet their rent obligations. This assistance will be means-tested and will only be available to the genuinely poor. In contrast, the present system of public housing subsidies fails to link eligibility of financial assistance with the tenant's financial situation. Instead, it is extended to all tenants who have been allocated homes within the public housing sector on the basis of a formal administrative decision. Introduction of the individual financial assistance scheme will also put an end to the present practice of tolerating nonpayment of rent in cases where the tenant can actually afford to pay it. Such tenants will be evicted.

Budget Subsidies

The projected 1993 budget envisages, among other things, allocation of the sum of 2.5 trillion zlotys [Z] to subsidize central heating and water heating expenditure in the public housing sector, as well as Z1.5 trillion to subsidize technical infrastructure and Z5 trillion to be paid out to voivodes as compensation for expenditure on infrastructure within their regions. The minister officially denied rumors suggesting that these compensatory payments would be discontinued next year.

Chances for Self-Government Schemes

The ministry has plans to introduce a new "right to build" rule, on the basis of which permission will be given to allocate arable land within city boundaries to be used for housing development schemes. According to Minister Bratkowski, this will give special opportunities to build new homes in Krakow, since nearly half of the land within the city boundaries falls into the eligible category. Another proposed scheme envisages creation of special public housing funds within parish budgets. These funds will be set up with revenues from all property deals (transfer, sale, and other types of transaction) within the parish, and they will be used exclusively for financing new public housing developments.

Contradictory Information on Martial Law Viewed

AU1412210392 Warsaw RZECZPOSPOLITA in Polish 12-13 Dec 92 p 2

[Commentary by Maciej Lukasiewicz]

[Text] Once again, the Soviet archives, now Russian archives, have "declassified" a new selection of documents on recent Polish history, literally on the eve of another anniversary of the imposition of martial law in Poland on 13 December 1981. I cannot avoid the impression that this is yet another manipulation of public opinion. What is particularly odd is that those doing the manipulation are themselves being manipulated by someone else—no one knows who.

For 10 years, General Jaruzelski kept telling us at every possible occasion that martial law was a sovereign decision by an independent Polish state, that it was introduced to save Poland and the Poles, and that he alone was answerable to history and Providence for this decision. But in the past few weeks, he has made it clear in public announcements that this decision was nothing of the sort, that he would never have made it were it not for brutal blackmail and pressure from the Kremlin. No wonder he has changed his mind. He is due to stand before the State Tribunal.

In the meantime, statements by various public officials reach us from the East and appear in our press, saying that the Soviet leaders never even dreamt of an armed intervention in Poland because the strikes, trouble with Solidarity, and the threat to the socialist system were solely "the domestic business of a friendly country." Finally, again from the East we receive written reports that completely contradict this. From these reports it transpires that the Soviet forces were fully prepared to fulfill their internationalist duty. "Our Northern Group of Forces is prepared, and is in a state of full combat readiness," Marshal Ustinov is reported as saying. But a little later we read: "The Poles are not ready to receive our forces." They should have been ready, should they not, though we do not know what kind of Poles the marshal had in mind. Well, the only way out was to introduce martial law in a sovereign manner, and by the Polish comrades themselves.

To create even more confusion, PAP, which supplied these documents to the press, provided an introduction saying that the Kremlin leadership "never decided to enter Poland." Let us not blame PAP for being confused. We are confused ourselves as it is.

Perhaps it would be best to refrain from voicing opinions and making comments until the historians have had a proper look at the documents, instead of getting worked up by everything dumped on us by Moscow, which Moscow is doing willfully and with careful timing.

Katowice Miners Solidarity Forms Strike Committee

LD'412220792 Warsaw PAP in English 2132 GMT 14 Dec 92

[Text] Katowice, Dec. 14—A regional strike committee of the Miners' Solidarity Union National Commission (KKG) was set up on Monday [14 December] in Katowice, the capital of the mining province in Silesia, southern Poland, the committee's press spokesman Adam Jawor announced. The committee is composed of representatives of the Solidarity Factory Commissions

in those mines which decided to stage a continuous strike and members of the KKG Presidium.

Ten mines continued the Monday general warning strike also in the afternoon, whereas other collieries limited their protest action to two-hour work stoppages as previously planned.

The committee was set up following a resolution of the Presidium of the Silesian-Dabrowa region Solidarity Union which authorized Miners Commission at collieries to declare a general strike and form a regional strike committee.

Deputies Criticize 1993 Budget at Sejm Debate

AU1412124492 Warsaw PAP in English 1800 GMT 11 Dec 92

[Text] Warsaw, Dec. 11—The Polish Government's draft budget for 1993 is divorced from reality, and is the most restrictive (?budget) to have been introduced so far, according to several leading deputies to the Sejm (lower house of parliament) during Friday's [11 December] budget debate.

Adam Glapinski of the Centre Accord (PC) described the logic behind the budget as "squaring the circle." He accused the government of being able only to "promise the moon," and declared that Prime Minister Hanna Suchocka had failed to fulfill any of the declarations made when she took office.

Glapinski dismissed as "unrealistic" almost all the figures presented in the budget, and attacked as "particularly harmful to Poland" the assumptions made in relation to inflation, interest rates and the exchange rate. Glapinski singled out Deputy Prime Minister Henryk Goryszewski as one of those responsible for the shape of the budget, and continued: "But today, none of Deputy Premier Goryszewski's actions should surprise us." Goryszewski interrupted the proceedings to comment that while he did not wish to divert the parliamentary proceedings into a polemic with Glapinski, "anyone who likes may spit on me."

Przemyslaw Hniedziewicz of the rightist nationalist Movement for the Republic (RDR) described the budget as "divorced from reality," and questioned whether the government's 2 percent economic growth target was achievable.

Janusz Korwin-Mikke, leader of the tiny rightist libertarian Union of Real Politics (UPR), accused the government of "trying to defraud" Poland. This theme was echoed by Leszek Golbe of the Confederation for an Independent Poland (KPN), who said that the budget was close to the wishes of foreign bankers, and took no account of the needs of national defence, and health and social security. However, Golbe's attack on "this government of national betrayal" was struck from the record, on the orders of Deputy Speaker Dariusz Wojcik.

For the opposition Polish Peasants Party (PSL), Henryk Siedlicki accused the government of conducting a policy designed to lead to the "further ruin of Polish agriculture and the food industry." Other deputies attacked the reduction in payment of unemployment benefits.

The parliamentary floor groups of the PC, RDR and KPN have already resolved unanimously to reject the government's budget proposals, while the PSL has called for the draft to be returned to the government for amendment.

Andrzej Wielowieyski of the Democratic Union (UD), one of the leading parties supporting the Suchocka coalition, attempted to quantify the cost of the various demands for additional budget expenditure. Bearing in mind the various calls for cheaper loans, funds to cover the restructuring of Polish industry, indexing of old age and invalidity pensions, and of income tax thresholds, and wage increases for the public sector on the basis of existing regulations, Wielowieyski estimated that something in excess of 100 trillion zlotys (6.5 billion dollars) would need to be found. No one has indicated where this money might be raised, he commented.

Wlodzimierz Cimoszewicz of the Democratic Left Alliance (SLD) called on various organisations—including the president, the Roman Catholic Church, the government and the security services—to forgo part of their state funding. This money should be redirected towards education, or care for the disabled, he suggested.

Other SLD deputies attacked proposals to move away from full indexation of old age and invalidity pensions, particularly since Poland's social services also faced serious cuts in their budget. SLD deputy Jozef Kaleta said that the government had seriously worsened the level of social security in Poland, despite its claim to have made this a priority area.

Melescanu Emphasizes Romania's 'Strategic' Role

AU1412214592 Bucharest TINERETUL LIBER in Romanian 11 Dec 92 pp 1, 7

[Interview with Foreign Affairs Minister Teodor Melescanu by Radu Bogdan; place and date not given: "Romania Is on the Point of Becoming One of the Most Important Countries in This Region"]

[Text] [Bogdan] How does Romania's new foreign minister feel in the chair that has been occupied in the past by some illustrious personalities of Romanian political life and diplomacy, beginning with Nicolae Titulescu?

[Melescanu] First of all, I consider that I belong to another category altogether. I do not want to compare myself to them. Why? Because all the personalities you are referring to were politicians who came to the head of this institution thanks to their outstanding talent and exceptional political activity. I am one of the few, so to say, if not the only career diplomat to occupy this post. Therefore, the comparison is inappropriate. There is no point in comparing me to the aforementioned great men. All these men were outstanding because they headed the ministry at a time of great and difficult trials for the Romanians. I hope that my term at the Ministry of Foreign Affairs will not be characterized by adversities of the kind that Titulescu and others had to cope with. What I can tell you is that I will make an extremely honest effort to use all my knowledge and experience and all the skills I can expect from my colleagues here, in the ministry to ensure a return to smooth and normal activity of the Ministry of Foreign Affairs.

[Bogdan] What does the position as minister of foreign affairs mean for a professional diplomat?

[Melescanu] For a professional diplomat, being minister means enjoying certain advantages, but also having many disadvantages. The great advantage is that you know the institution from within and have a very good knowledge of foreign partners. A third advantage, if you like, is being very familiar with the files. However, the situation has two big disadvantages: First, the career diplomat does not enjoy very strong political backing, which should support him in any circumstance; let us not forget that the foreign minister must conduct diplomatic activities both with foreign and domestic factors. Second, as far as I am concerned, I believe that I am influenced by a certain way which I inherited and consequently adopted for myself. Therefore, I will probably be more conservative than somebody coming from outside. Hence, we will have more continuity, rather than originality.

[Bogdan] What is the main concern of the Romanian foreign policy right now?

[Melescanu] The most important concern of the Romanian policy is the country's full return to normalcy. How? We must be modest. We are modest in general, but one should realize that—in the light of developments in the area we belong to—Romania is on the point of becoming not a big power, that would be exaggerated, but one of the most important countries. What do I mean by that? I mean that there is an obvious trend toward disintegration in East Europe. We have the example of Yugoslavia or the former Soviet Union—that is, former federal countries, which are now breaking apart in the component republics. You have the case of Czechoslovakia, a confederative country, which is also breaking in two. In these circumstances, a kaleidoscope of countries are on the point of emerging in our area, whose demographic weight varies between 1-2 million and 9 million people, such as in the case of Serbia, Hungary, and Bulgaria.

At the same time, there are countries with a population of almost 30 million, such as Romania, which already look like a very important political force. Well, as far as I am concerned, one of Romania's foreign policy priorities is that this position, which it actually holds, and quite justifiably so, in this region, should obtain international recognition. Romania's trumps are not only its demographic weight, but also its human capacity and skills, our traditions, and a certain level of development we have reached, despite the fact that this development is chaotic, confuse, and so forth and is characterized by large discrepancies and an intensive energy-consuming industry. We are talking here about potential and the fact that we are one of the few countries in the area with certain resources—oil, iron, and gold—which, although they may not be large, they exist nonetheless. Therefore, compared to all the other countries, I believe we have a situation which we would like to have recognized and confirmed internationally.

[Bogdan] From the discussions held in Bucharest and in various West European chanceries, we noticed that many Western diplomats are making remarks about the ever more important strategic role currently played by Romania. Is this role real or not?

[Melescanu] This is another element I should have mentioned in my enumeration. From a geostrategic viewpoint, Romania's position has always been an important one because we have always been at the "crossroads" between the large continental or imperial blocs. Now, this role has further increased, as we are close to an extremely important zone: the former Soviet Union; the south, with its areas of conflict, namely the Middle East and the Gulf; and the Balkan area, an area of open conflict. From all this, it is obvious that today we are actually one of the great outposts of West Europe vis-a-vis the Balkan countries, East Europe, and the former Soviet Union. This is our geopolitical role.

[Bogdan] Mr. Minister, a Romanian diplomat—the name is not important—compared our current situation with that between the two world war. He even suggested a return to Romania's policy of alliances between the two world wars. What do you think of this stand?

[Melescanu] First of all, I believe there is no automatic system for history repeating itself. Let me give you one single example: Today's Europe has certain institutions, which Europe of the inter-bellum period did not have. I am thinking of the CSCE, Common Market, NATO, and Council of Europe. Therefore, we are actually dealing with another Europe. This is no longer the Europe of yesteryear. I believe there are many other differences, too. First of all, there is no fascist government in Europe at this time. Of course, there are certain nationalistic trends. I am thinking of xenophobia and some racist signs in certain neighboring countries. Of course they exist, but I do not think we can talk about a fascist government of the German type, or like in Mussolini's Italy, or the Iron Guard and the royal dictatorship in Romania. In other words, I do not think one can talk about a pure and strict repetition of history. At the same time, I believe that there are certain unchangeable geostrategic data in each country's foreign policy. From this viewpoint, I believe that there are also certain constant features of a country's foreign policy. Therefore, we should certainly learn from the past. Romania's prewar history can obviously provide certain highly interesting ideas worth examining, but not to mechanically implement them, but rather to creatively apply them to the new conditions in Europe and the standards prevailing today. I assure you that this is one of our main ideas, including the old system of major and minor understandings.

[Bogdan] I believe this is what the respective diplomat had in mind. He was referring to special relations with Serbia, Slovakia, and the neighbors in general.

[Melescanu] In my opinion, it is only natural that when you are confronted with another country's coordinated policy against several neighboring countries—as in our case—well, I believe that the natural reaction for those who are the target of such a coordinated policy is to try to coordinate their response as well. This seems to me an almost obligatory precept of normal reaction.

Relations With Moldova, Hungary Discussed

AU1512095392 Bucharest TINERETUL LIBER in Romanian 12-13 Dec 92 pp 1, 7

[First part of interview with Foreign Minister Theodor Melescanu by Radu Bogdan; place and date not given: "Romania and Hungary Will Not Be Able To Join the Common Market If They Do Not Solve Their Bilateral Problems"]

[Text] [Bogdan] Does the German model that was submitted remain valid as far as our vision about future relations with Moldova are concerned?

[Melescanu] It is undoubtedly one of the models that has to be studied. I would like to make a minor correction: To be able to use the German model Romania's economy should compare with the German one. The model is valid. However, we have to see how it can be applied from the point of view of both domestic and international conditions that we should either wait for or try to create.

[Bogdan] A few days ago one of your close aides said in Washington that in his opinion Romania's unification with Moldova will be achieved in the next eight years.

[Melescanu] You are probably referring to Mr. Dohotaru's affirmation. First, I would like to point out that Mr. Dohotaru's statement was not intended for the press. He made this statement in a certain context and circumstances and it must be seen as such. What he actually wanted to say was only to express his hopes that the union within natural borders, which is a normal wish of the Romanians, would be achieved in the next century. The next century is going to start in eight years, hence speculations that there are plans for the unification in eight years. I would like to make a minor correction. I would say that what Mr. Dohotaru said is that this unification will take place in a period of between eight and 100 years. As for my personal opinion, I want to tell you that we have to overcome the five-year-plan thinking. It is useless to mention years. It is a natural and normal process that will take as long as it takes. However, two things are clear: that the final objective—unification—cannot be in doubt; second, it is very difficult to say at this point how long it will take. I personally will always refrain from mentioning any time frame. I think one should not talk in terms of years.

[Bogdan] Do you think that one can predict a period in connection with the conclusion of the treaty with Hungary?

[Melescanu] This is a very interesting question. As far as we are concerned, of course the conclusion of the treaty with Hungary does not represent a precondition for solving the many problems that exist in our relations. However, I personally think that we will not be able to solve many of the existing problems without the conclusion of this treaty. If you ask me, I would make a very short estimate. I am relatively optimistic although I know that our Hungarian colleagues have much greater reservations. The fundamental objective of both Romania and Hungary is to be integrated in the Common Market after the year 2000. I want to assure you and, through you, our Hungarian colleagues that we will not be integrated in the Common Market and no one will accept us if we are not able to demonstrate that we are able to settle our relations in a way acceptable for European standards. And this does not depend on what we want or what they want. I want to tell you that the "moral" pressure in connection with integration in Europe is very great. No one needs discord within the European structures and if, indeed, European integration is one of our important objectives, I can assure you that this will play a very important role in speeding up the conclusion of the treaty.

[Bogdan] At the WEU meeting you attended last week, Romania was harshly accused of violating the embargo against Yugoslavia. What were the arguments you used to defend yourself?

[Melescanu] A very simple argument: No one gave me a tangible example of the violation of that embargo. Since

other press colleagues of yours are maneuvering with all sorts of ideas, I believe that we should not begin such a dialogue.

Chebeleu Assesses Talks With Canada as 'Positive'

AU1412201092 Bucharest ROMPRES in English 1914 GMT 14 Dec 92

[Text] Bucharest, ROMPRES 14/12/1992—In a statement to ROMPRES on his arrival at the Bucharest Otopeni Airport from Canada, Mr. Traian Chebeleu, secretary of state with the Romanian Foreign Ministry opined that "the dialogue between the two governments (Romanian and Canadian, editor's note) is normal and these periodical political consultations are very positive and useful."

On a bilateral plane, Mr. Chebeleu said, we made a survey of the main projects we have going in the fields of political, economic, and cultural cooperation. We agreed that we should continue endeavors towards encouraging an increasing presence of the Canadian businessmen on the Romanian market.

PNTCD Leaders Discuss Market Economy

AU1412181492 Bucharest ROMPRES in English 1737 GMT 14 Dec 92

[Text] Bucharest, ROMPRES 14/12/1992—"Social market economy is a Christian-Democratic notion, launched in the past century as a reply to the capitalist economy which was in full swing. Its sense was providing a decent life for all citizens. In the variant of the Vacaroiu government social market economy suffered a distortion in meaning which has nothing to do with the transition stage we are going through right now" said Mr. Ion Diaconescu, first vice president of the National Peasant Christian Democratic Party (PNTCD) during a news conference on Monday, December 14.

In that context Mr. Diaconescu pointed out a number of details of the concept of Christian Democracy and its impact on the contemporary world in general and on the Romanian political world in particular. To that effect Mr. Diaconescu opined that in Romania "a crisis of the political identity" could be noted and expressed his hope that once the political spectrum was clarified a "definition of economic programmes" would take place concurrently.

Continuing that idea, PNTCD spokesman Radu Vasile stated that "liberalism is going through an ideological and organizational crisis in Romania," a reality that is demonstrated also by the fact that only now a liberal union is being formed that will comprise those political formations defining themselves according to the classic liberal principle "the strongest wins," totally different from the Christian Democratic one that says "a decent life for all citizens."

Labor Department Gives Unemployment, Benefits Data

AU1412190092 Bucharest ROMPRES in English 1627 GMT 14 Dec 92

[Text] Bucharest, ROMPRES 14/12/1992—Over 601,000 unemployed are being paid allowance in Romania on December 14, 1992.

The data supplied by the Labor and Unemployment Department shows that 125,327 persons have ceased to receive unemployment allowance owing to their having found jobs. Until December 14 almost 90 percent of the over 220,000 persons that registered at the labor offices and applied for subsistence allowance have been granted it.

The number of the unemployed who are receiving allowance, of those who have ceased to receive it and of the persons registered, but not coming under the provisions of the unemployment law is 1,013,425.

Over the last week the unemployment rate increased by 0.1 percent, thus reaching 9.1. The number of available jobs listed in the department's records is now 4,413.

UN Officer Cites Serb No-Fly Violations

AU1412145892 Paris AFP in English 1452 GMT 14 Dec 92

[Text] Belgrade, Dec 14 (AFP)—The Croatian Army is present in Bosnia-Hercegovina and supporting Bosnian Croats there, a UN official said Monday [14 December] in Belgrade.

The United Nations Protection Force in Yugoslavia's (UNPROFOR) civilian affairs director and number two, Cedric Thornberry, reproached the Croats for violating a no-fly ban over Bosnia, while underscoring the fact that out of a total 300 violations registered between October 22 and December 12, the Serbs had committed by far the most.

Thornberry's statement contested Zagreb's repeated denials that the Croatian military were present in the neighbouring republic of Bosnia-Hercegovina.

Several EC observers and Western diplomats have said, however, that they have seen Croatian soldiers who had crossed the border to support the Croats in Bosnia-Hercegovina.

The United Nations has said several times that it could impose sanctions on Croatia if it continued to help the Bosnian Croats.

The international community generally considers however that Serbia, which supports the Bosnian Serbs, is the main party responsible for the continuing war in Bosnia-Hercegovina.

Thornberry accused the Serbian forces of hampering UNPROFOR activities, particularly when French and Canadian soldiers tried to set up base at Banja Luka in the west of Bosnia, and when foreign observers seek to move around the region.

Thornberry also said that the United Nations were not envisaging withdrawing its peacekeepers from former Yugoslavia, even though Croatian President Franjo Tudjman announced that he would not request a renewal of the UNPROFOR mandate in March in the Serb-controlled areas of Croatia.

UNPROFOR currently has 23,000 soldiers, police and civilian staff deployed in former Yugoslavia, Thornberry said.

Karadzic Briefs Press on Ending Conflict

LD1412232192 Belgrade TANJUG Domestic Service in Serbo-Croatian 1709 GMT 14 Dec 92

[Text] Belgrade, 14 Dec (TANJUG)—Radovan Karadzic, president of the Serb Republic (in Bosnia-Hercegovina), told a news conference held in the international press center in Belgrade today that the Assembly of the Serb Republic would endorse a declaration on ending the war in Bosnia-Hercegovina at a session to be held on 17 December.

"The declaration will mean the end of the war, like when a boxer in a ring tells the referee that he does not want to fight any more. In this case, the referee is the international public and international political factors, which should now see for themselves who is for peace," Karadzic said.

Stressing that this provides an opportunity to end the war before the new year, Karadzic said the declaration would proclaim "temporary borders of the Serb Republic which coincide with front lines".

We have objections to these frontiers, because Croatian forces have occupied some Serb territories. If the Croat and Muslim side have objections we are ready to negotiate, he added.

At yesterday's mee[illegible]the mixed group in Sarajevo, attended by repres[illegible]f all three warring parties, the Serbian delega[illegible]posed an end to the war, and that one should sh[illegible] to political negotiations. The Croatian side was willing to accept this proposal, although it eventually joined the Muslims in their refusal, Karadzic said.

Asked how he would react to force being used against aircraft violating the UN decision banning flights over Bosnia-Hercegovina, Karadzic said: "I would feel sorry for the Croatian Air Force, since it would feel the brunt of this force."

He maintained that most Muslims and Croats in Bosnia-Hercegovina want an end to the war. "The Croatian leadership in Bosnia-Hercegovina is ready to agree to this. The leadership of the Republic of Croatia, however, is preparing a large-scale war against the Serbs in March," Karadzic believes. He stressed: "We shall, by every means, defend our existence and the right to have our own state."

Karadzic announced that on 20 December, a meeting will be held, "bringing together representatives of all Serbs in Yugoslavia." The time has come when Serbs should stand by each other and understand what they ought to do. I believe that all relevant political factors will take part in this meeting, Karadzic said.

Asked about the elections in the Federal Republic of Yugoslavia, he voiced his view that he "finds Premier Milan Panic's candidacy odd," since he "runs for a post he wants to do away with." In Karadzic's opinion, Panic's candidacy has been damaged most by those international factors who are not sympathetic to the Serbian people but who supported his candidacy.

Acting U.S. Secretary of State Lawrence Eagleburger's direct interference in the Yugoslav elections raises the question of whether we, too, should say whom we support, Karadzic said, adding: "We support all those individuals and parties which support our struggle."

Nikola Koljevic, member of the Presidency of the Serbian Republic (of Bosnia-Hercegovina), said that the fate of Serbs in the towns controlled by Muslim and Croatian

forces is more severe than that of refugees. In Koljevic's words, they have been forced to remain in their houses as political prisoners, where they are subjected to harassment just because they are members of the Serbian people or because they refuse to take part in the fighting. He pointed out that yesterday all the warring parties in Bosnia-Hercegovina reached an agreement to set up corridors along which Sarajevo's civilians would be able to move freely, regardless of their nationality.

The Serbian side is willing to end its combat activities in Sarajevo, provided the Serbs are allowed to leave the city. Apart from protecting the Serbs who are under threat in Sarajevo, we have no other military goal regarding this city, Koljevic stressed. We have no right to give up our part of Sarajevo, since it is the largest Serbian city in Bosnia-Hercegovina as far as the number of Serbs living there goes. All the Serbian ethnic parts of Sarajevo—Ilidza, Vrace, Lukavica, and Ilijas—are under our control and we will not give them up. Our military aim is not to conquer Sarajevo but to defend the Serbs' Sarajevo, Koljevic said.

He stressed that all the Muslims and Croats who leave Sarajevo will be able do decide whether they want to stay in the Serbian Republic or to leave for territories controlled by Muslims and Croats. In his words, every Sarajevan who decides to leave the city will be provided with accomodation in the Serbian Republic, while some will also be temporarily accomodated in the territory of the Federal Republic of Yugoslavia.

Plan To Evacuate Capital Called 'Monstrous'

AU1512092192 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1400 GMT 14 Dec 92

[Text] According to the information that the Bosnia-Hercegovina Ministry of Internal Affairs has received from sources in the aggressor's headquarters in Pale, Radovan Karadzic and Ratko Mladic are the creators of the announced plan to evacuate the citizens of Serbian nationality from Sarajevo.

According to that plan, the aggressor intends to move the Serbs from Sarajevo into the houses of murdered and expelled Muslims and Croats in Pale, Sokolac, Rogatica, Ilijas, Vogosca, and other places. All men would immediately be mobilized, thus filling in the chetnik units, which are becoming short of manpower after the heavy losses inflicted upon them in the clashes with the Bosnia-Hercegovina Army and also because of the mass desertions by the forcefully mobilized Serbs.

A fierce chetnik assault on Sarajevo would follow with all the force they have, as they would no longer have to make any excuses to the public in general in Serbia and Montenegro for the deaths of the innocent Serbian civilians during the bombardment of the city.

As the Bosnia-Hercegovina Ministry of Internal Affairs has found out, the war criminal Ratko Mladic has taken it upon himself to put this plan into action, particularly the use of force to frighten the Serbs into leaving Sarajevo, while Radovan Karadzic and his associates have the task to undertake adequate political preparations in international institutions to convince the local and international public that it is absolutely imperative, in quotation marks, that the Serbs should be evacuated out of Sarajevo.

During their recent stay in Belgrade, Karadzic and Mladic informed their masters about their intentions and received full support. They also visited the General Staff there, where they tried to get new forces and weapons for the destruction of Sarajevo.

According to several sources from Karadzic's headquarters, [word indistinct] and SRNA have started preparations for a media campaign that would support this monstrous plan. Mladic started this campaign with his interview for Belgrade Television and Nikola Koljevic with his for SRNA, both of them calling on the Serbian population to go en masse to [word indistinct]. (?Toljir Zdravko), former chief of the KOS [counterintelligence service] of the Knin Corps, is in charge of the intelligence and propaganda preparations. He was also one of the organizers of the armed aggression against the Republic of Croatia.

According to these sources, SRNA is the propaganda service of the counterintelligence service, and all the disinformation coming from it originates from the KOS information center in Pale.

It is not hard to see that this plan conceals the chetnik intention to create definite ethnically pure territories and try to convince the international public that cohabitation is impossible in this part of the world. Karadzic and company are short-sighted in their estimates that the continuation of the aggression and murder will save them from the responsibility for the committed crimes and the act of genocide on the territory of Bosnia-Hercegovina. They forget that the domestic and international courts have prepared fat documents full of evidence of their crimes.

Serbs Release More POWs From Manjaca Camp

LD1412134092 Belgrade TANJUG in English 1307 GMT 14 Dec 92

[Text] Banja Luka, Dec 14 (TANJUG)—The Bosnian Serb authorities on Monday [14 December] released another 1,000 prisoners of war from the Manjaca POW [prisoner of war] camp near Banja Luka, a town in the western part of the war-ravaged former Yugoslav Republic of Bosnia-Hercegovina.

520 prisoners were released from Manjaca on Sunday.

Bosnia-Hercegovina has been ravaged for more than eight months by civil, interethnic and religious war between the local Muslims, Serbs (Orthodox) and Croats (Catholics), who divided over the republic's future organization.

Leader of Bosnian Serbs Radovan Karadzic last Wednesday said all the POWs from the Manjaca camp, in which there were some 3,000 prisoners—mostly Muslims, would be released by Friday, except for 50 war criminals.

The Manjaca POW centre is to be closed under an agreement between Presidency President of the Serbian Republic in Bosnia-Hercegovina Karadzic and President of the International Committee of the Red Cross (ICRC) Cornelio Somarruga, Serb military sources in Banja Luka said on Monday.

A convoy of buses carrying the prisoners who were released on Monday is accompanied by delegates of the ICRC and of the Serbian republic's government. The route of the convoy has not been disclosed, due to security reasons.

Serb Assembly Accepts Premier's Resignation

93BA0329A Belgrade BORBA in Serbo-Croatian 26 Nov 92 p 7

[Article by B. Hrvac: "RS [Serbian Republic] Assembly Complete: Independent Serbian Republic Will Not Be Abandoned: Resignation of Government Accepted, State Symbols Established"]

[Text] Zvornik—The session of the Assembly of the Serbian Republic concluded with a report on the progress of negotiations in Geneva presented by Presidency member Dr. Nikola Koljevic. He described the position of the Serb negotiating team as satisfactory, and concluded his presentation by saying, "I hope that none of us will suspect or even think for a minute that we can abandon our goal. We cannot go back, and none of us knows how long this forward advance will last and where it will lead. The goal of Serbs in Bosnia-Hercegovina [B-H], as is already known, is a Serbian Republic as part of a confederative Bosnia-Hercegovina or as an independent state entity tailored in accordance with the ethnic principle, which Serbs do not shun and for which the world blames them as the only culprit, even though that principle is no less zealously supported and 'pushed' by the Croatian side. Since there is less and less possibility of creating a unitary B-H, in recent times the Muslims as well are trying to set up their own ethnic unit by settling their countrymen in central Bosnia and moving Serbs out of Kakanj and Vitez."

After brief debate, the Assembly of the Serbian Republic expressed the position that, for political reasons, it opposes the arrival of UNPROFOR [UN Protection Force] units in Banja Luka and Krajina at this time, and that at the next session a final decision must be reached on this matter.

"After many hours of debate, the Assembly accepted the resignation of Dr. Branko Djeric from the post of prime minister. That decision presupposes the resignation of the entire government, but its members will continue to perform their current duties until new ministers are selected. Within 15 days, the Presidency of the Serbian Republic will propose a new candidate for prime minister, after which the government will also be chosen."

The Assembly enacted a series of legal acts and also launched an initiative to introduce the post of president of the Serbian Republic instead of the current Presidency.

At that session, state symbols and the national anthem were adopted. The coat of arms is the Nemanja two-headed eagle with a gold crown, the flag is the Serbian tricolor, and the anthem is "God of Justice." The Assembly of the Serbian Republic also enacted legal acts on citizenship, identity cards, ministries, economic chambers, the republican fund of joint reserves, and state holidays. The Assembly resolved the question of the duties of the judiciary and public prosecutors in Nevesinje, Foca, Zvornik, Doboj, Kotor Varos, Trebinje, and other places and named new executors of those duties, who took an oath before the deputies.

Biography, Accomplishments of Gen. Mladic

93BA0332C Belgrade POLITIKA in Serbo-Croatian 26 Nov 92 p 8

[Article by Radovan Pavlovic: "Who Is General Ratko Mladic"]

[Text] "The root of his first name is associated with war. He behaves in the spirit of his surname [which means "young man"]. General Ratko Mladic, commander of the Army of the Serbian Republic [RS]."

That is how the British television network Sky recently introduced to its viewers the commander of the Serbian Army in Bosnia-Hercegovina [B-H], as they were showing pictures of Gen. Mladic visiting the front firing positions within range of Sarajevo. After he had visited the Serbian fighters in the trenches with the general, the reporter asked the question which was probably his reason for coming: "You have been called a war criminal?" The general calmly replied: "That is not my sense of it, I am defending my people."

Since the middle of last year, when he arrived in boiling Knin, the epicenter of Serbian resistance, others say rebellion, Gen. Mladic quickly arrived on the wanted posters for war criminals. At the same time, he has become a myth, at least for the people of Krajina. In just a few months, he has moved up from colonel to the rank of lieutenant-colonel general, commander of the army, which has rarely been recorded in the history of war.

An Officer Without "White Gloves"

In order to examine his position, for some a hero, for others a criminal, we need to take a look at Gen. Mladic's military career.

He was born in 1943 in the village Bozinovici near Kalinovik. He was not even two years old when the Ustashi murdered his father. He arrived in Zemun at the

age of 15 to attend the military-industrial school that is part of Teleoptik, and then he became the best cadet in the 18th class of the Ground Forces Military Academy. A biography, it might be said, that does not differ by a hair from a sizable generation of Yugoslav officers. However, Ratko Mladic did not remain an armchair officer, an officer wearing "white gloves." As the soldiers like to say, Mladic spent his entire time in the troops as commander of a platoon, a company, commander of a battalion in Kumanovo, a brigade in Stip, and before he went to Knin, he was assistant commander of the Pristina Corps.

On 1 August of last year, he was appointed chief of staff of the Knin Corps. While the top Yugoslav military and political leadership was stymied by the "start-stop" tactics and strategy, Colonel Mladic took over the operation then referred to in the "inarticulate" military-political vocabulary as deblockading the garrisons in the region of Dalmatia. His determination to have a showdown with the adversary did not encounter sympathy with some in the top military leadership.

Col. Mladic confided to journalists who at that time were reporting on the battles in Krajina: While the tank columns and heavy artillery were rushing from Knin toward the Dalmatian theater, at 1599 hours (the operation began at that time in early September) Col. Mladic received an order "from above" to halt the army.

"I refused the order, I did not dare to bring the soldiers back, nor could I have," Col. Mladic told the newsmen. Later, that is, on 4 October, because of his successful command and control of the JNA forces, he was promoted out of order to the rank of major general.

But even before the battles, Mladic became well-known because of his successful negotiations with the enemy which were imposed by the frequent signatures in favor of a truce and various missions of peacemakers.

The Croatian authorities, according to TISAK, did not like his behavior, his vocabulary, his intonation. The Croatian journalist told how Col. Mladic was armed when he sat down at the negotiating table wearing a camouflage shirt, and on one occasion his hand grenade fell out, and so he frightened to death the members of the mission and the negotiators.

He Rejected an Order

During negotiations, he threw up in the face of the mayor of Zadar: "In the 11th century when we were eating with gold spoons, you and your Europeans were living in the swamp." That offended them, according to the press. He has been proclaimed the chetnik butcher and criminal, an officer whose behavior cannot be explained merely in terms of severity and the rigid logic of the soldier.

Later, the accusations were broadened. Pronouncements that he is a war criminal, that he is creating an expanded Serbia, came in even from European observers. "I am not creating any expanded Serbia, I am only defending Serbian land, and I believe that tomorrow even Mr. Owen would protect his people," Gen. Mladic replied. The fact that the Serbian Army controls two-thirds of the territory of B-H Mladic justifies with the words: "We did not take anything, nor are we aggressors, we do not need what belongs to them."

They say that the best general is the one who is not afraid of the enemy, but who is afraid of war. Concerning the threats of military intervention, the general warns that "if we have to die, at the same time a large black hole will be created and many will have to go through it."

It does not bother the commander that many from Bosnia have fled to Belgrade and are fighting the "battle" in Belgrade cafes. Their absence does not weaken defense of the Serbian people. The defense is stronger without them, says Gen. Mladic. He is worried, he says, by those peacemakers who under the guise of humanitarian aid are sending the Muslims "ammunition in cans of fish."

Can the general be reproached for the shelling of Sarajevo? The commander says that lawlessness prevails in the Muslim part of Sarajevo, that the imprisoned Serbs "have been getting only a 100-gram can of food per month...." I have stuck by my people, that is my duty, that is what I learned. If I were a surgeon or a journalist, then I would be doing that.

He says of the war that it must stop, but that does not depend on one person. Those who are waging war and those who would bring peace by force must also be aware that everything can be achieved with bayonets, but you cannot sit on them.

New Right-Wing 'Pure Party of Rights' Formed

LD1212174792 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 12 Dec 92

[Summary] A new party has been founded in Croatia—the Pure Party of Rights [Cista Stranka Prava]. The founding assembly was organized by Professor Nedjeljko Gabelica and a speech about the party's platform was delivered by Zagreb lawyer Ivan Gabelica. The founders of the party, dissatisfied with the general situation in Croatia and Bosnia-Hercegovina, said their party would fight for an integral Croatia and for the freedom of all Croatians. The party bases its activity on works of Starcevic, Kvaternik [nineteenth century leaders of the Croatian Party of Right], and Pavelic [fascist leader of the Independent State of Croatia during World War II]. Gabelica recalled that the Croatian people were exposed to Serbian terror, while the situation in Bosnia-Hercegovina is even worse. The new party will advocate that the truth be told about the Independent State of Croatia that existed between 1941-45. Gabelica also called on all true parties of rights to unite and not to fight each other.

The Croatian Party of Slavonia and Baranja [Slavonsko-Baranjska Hrvatska Stranka] was founded in Osijek today. The aim of the party is to develop national identity in a democratic society and preserve cultural heritage.

TANJUG Comments on Party

LD1412174092 Belgrade TANJUG in English 1042 GMT 14 Dec 92

[Text] Zagreb, December 14 (TANJUG)—Another ultrarightist neo-Nazi party—the "Croatian Pure Party of Rights"—was formed in the seceded Yugoslav Republic of Croatia.

According to its program, the party activity proceeds from the ideas of Ante Pavelic, under whose authority in the so-called independent State of Croatia—which existed under the patronage of Nazi Germany and Fascist Italy during World War Two—about one million Serbs were murdered.

A "Party of Rights" already existed in Croatia, but it was evidently much too bleak for the local neo-Nazis. Its president is Dobrosav Paraga.

Paraga's party has an armed wing—the Croatian Defense Alliance (HOS). Several thousand HOS members were fighting on the side of the Croat-Moslem coalition against Bosnian Serbs in the neighboring war-shattered former Yugoslav Republic of Bosnia-Hercegovina.

In view of the "Pure Rights" party leader Ivan Gabelica, the party urged a "Croatia all the way to the Drina (River)", that is, its expansion to the regions of Bosnia-Hercegovina, which has 31 percent of Serb population, 44 percent of Moslem and 17 percent of Croat.

Gabelica believes that, upon the end of the current war in Bosnia-Hercegovina, the local Moslem population would opt to continue living in Croatia.

The Moslems, however, want to retain an independent Bosnia-Hercegovina, whose international recognition they procured this spring together with the local Croats, and against the wishes of the Bosnian Serbs.

Serbs Fire Surface-to-Surface Missile at Zupanja

LD1212202492 Zagreb HTV Television in Serbo-Croatian 1830 GMT 12 Dec 92

[Text] Inhabitants of the Zupanja Posavina area will remember the 226th day of constant general alert as long as they live. After thousands of shells, after destruction and missiles that hit the area, mindless chetniks today resorted to one of their last dirty weapons.

The enemy fired a surface-to-surface missile, the so-called Luna, at the Zupanja municipality at 1628 for the first time during the war. After a strong explosion that shook the entire Zupanja area, the deadly weapon—eleven meters long and containing about 500 kg of explosives—left devastation and huge damage. The picture of horror in the area was completed at almost the same time by three strong explosions in the Bosnian Posavina area, where the enemy, as though following some kind of rule, fired three Luna missiles.

In the early afternoon, the aggressor attacked the Zupanja Posavina area with heavy artillery. This time the target was villages in the eastern part of the municipality. As during earlier attacks, more than 30 destructive projectiles caused considerable damage in Rajevo Selo, Gunja, and Bosnjaci.

Prisoners Released From Serb Camp Arrive

LD1412233792 Zagreb Radio Croatia in English 2200 GMT 14 Dec 92

[Text] A group of 1008 Muslims and Croats that were released from the Serb-run prison camp of Manjaca arrived today in Croatia. A 20-bus convoy escorted by the ICRC [International Committee for the Red Cross] representatives headed towards Karlovac.

Federal

Cosic Addresses Letter To UK Prime Minister

LD1112131992 Belgrade TANJUG in English 0930 GMT 11 Dec 92

["Pool" item]

[Text] Belgrade, Dec 11 (TANJUG)—Yugoslav President Dobrica Cosic has sent a letter to British Prime Minister John Major, giving his vision of the situation in former Yugoslavia and its possible repercussions in the rest of the Balkans.

"With the collapse of the communist regime, much of the history of what is known as the eastern question has been revived in the Balkans. We are witnessing the state and political recomposition of the dispersed Balkan nations and the advent and revival of traditional antagonisms between Christian and Islamic, European and Asian civilizations whereby Europe faces a difficult and fateful challenge. The historic responsibility of my country, your country and of the whole of Europe is being tested and confirmed these days by a vision of the future which should acknowledge the experiences of the recent and more distant past," says President Cosic in his letter.

"The Yugoslav crisis has entered a stage of high intensity - in terms of the war and the national, political and international tensions surrounding it. In order to stop the civil war and the horrendous suffering it has brought to all three people of Bosnia and Hercegovina—Moslems, Serbs and Croats alike, and to prevent the announced internationalization of the Bosnian theatre of war by turning it into an Islamic holy war, which would inevitably and successively spread to the whole of the Balkans, and perhaps even beyond, by mobilizing the energy of peace and democracy of the nations and states of former Yugoslavia, the attitude and policy of the world community towards the Bosnian tragedy needs to be radically changed. That change, in my conviction entails first and foremost a recognition of realities. For, the war in Bosnia and Hercegovina is an interethnic, interconfessional and civil war, and not an act of Serbian aggression, or of the Republic of Yugoslavia even though the latter has been punished for that "aggression" by sanctions and banishment from the world community. Speaking of aggression against Bosnia and Hercegovina, it is Croatia that has committed aggression which is a fact that no-one can deny any longer," says the letter.

"I believe you will agree with me, Mr. Prime Minister, that only by a truthful perception of the reality of Bosnia and Hercegovina can we find adequate ways of working for peace and the political consolidation of that part of the Balkans," says Cosic.

"In view of that, I am sorry to have to say that in its policy vis-a-vis Bosnia and Hercegovina, the European Community committed some serious errors at the very beginning and that those errors, irrespective of the proclaimed objectives and aspirations, set ablaze an interethnic, religious and civil war. By initiating the recent Security Council Resolution No. 787 on tightening the enforcement of sanctions, by failing to take vigorous measures against the overt bellicose behaviour of the Republic of Croatia and the fanatically discriminatory Moslem authorities of Alija Izetbegovic, even today the European Community shoulders a great measure of responsibility. May I assure you, Mr. Prime Minister, that the Federal Republic of Yugoslavia is, for its part, doing everything in its power to exert a positive influence on the Serb side in Bosnia and Hercegovina so that they might defend their rights by peaceful and democratic means. A fact that cannot be disregarded is that the Serbs of Bosnia and Hercegovina have turned their essentially defensive war motivated by their right to self-determination, into a partly offensive war through which they are expanding their territories, which can and must be corrected in the final peacemaking negotiations in favour of the Moslems, as pointed out by Serbian representatives in Geneva themselves. However, clear and direct influence on the other two warring parties—the Moslem and Croat—is also indispensable, an influence which, without any doubt can be exerted only by the political fora of the international community, before all by the United Nations and the European Community. I take the liberty to convey to you my conviction that the possibilities of the world community to influence the Moslem and Croat sides have not been sufficiently tapped so far," says Cosic in the letter.

[passage indistinct] Yugoslav President Cosic takes the opportunity to inform British Prime Minister Major of the measures taken by the government to intensify democratic processes in the Federal Republic of Yugoslavia (F.R.Y.) in the area of domestic policy.

"By calling early multiparty elections for December 20, this year at the federal and republican levels, I have fulfilled the most important item on the programme for the democratic transformation of the Yugoslav society and state I announced when assuming the office of president of the Federal Republic of Yugoslavia. I believe that at these first early democratic elections the citizens of Yugoslavia will elect their authentic representatives who will, by appointing a new government and all executive bodies, finally do away with the vestiges of an undemocratic party state and the relations which led our society into a political, economic and social impasse," says Cosic in his letter to Major.

"I am counting on you at this time of trial for Europe, to confirm your political wisdom and responsibility for the fate of the nations of former Yugoslavia and the Balkans. To manifest [word indistinct] understanding for human suffering and the aspirations of peoples for freedom and justice and thereby confirm the traditionally friendly attitude of your country towards both Serbia and Montenegro (which make up the F.R.Y.)", says Cosic.

Cosic appeals to Major and other statesmen of the European Community to raise the issue of lifting or at

least easing the drastic, counterproductive and unjust sanctions against the F.R.Y., primarily those which are most directly related to the humanitarian aspects of the life of the people, and enable Yugoslavia to resume an equitable place in positive and democratic international cooperation with other states and peoples of the world. This, believes Cosic, would improve prospects for establishing lasting peace and for the definitive victory of democracy in the Balkans.

Draft Law on Yugoslav Army Postponed

LD1412185592 Belgrade TANJUG Domestic Service in Serbo-Croatian 1328 GMT 14 Dec 92

[Text] Belgrade, 14 Dec (TANJUG)—The Federal Assembly Committees for Defense and Security did not hold their planned session on Friday [11 December] to discuss a draft law on the Army of the Federal Republic of Yugoslavia.

Therefore, in effect, the Yugoslav Army still remains outside the law. If something is not done within the next 15 days the Yugoslav armed forces will find themselves in "a total legal void" as of 1 January.

The Defense Ministry and the Yugoslav Army General Sraff do not know why today's session was postponed nor when it will take place.

An earlier proposal, that the session be held on Wednesday, 16 December, cannot be confirmed by the competent offices of these assembly committees, so the continuation of the session cannot be forecast.

Last week, the members of the Committees for Defense and Security agreed that the law on the Army should and has to be adopted by the end of the year.

The debate on the draft law on the Yugoslav Army was adjourned due to the nature of remarks by the republican Defense Ministry which, in the view of most deputies, could not be reconciled with the draft law.

A new law should be drawn up. Afterwards, the members of the Supreme Defense Council met (Dobrica Cosic, Slobodan Milosevic, and Momir Bulatovic; Chief of General Staff General Zivota Panic was also there) [parentheses as received] as well as representatives of the republican ministries and the Yugoslav Army.

The remarks were then harmonized and a working group was set up of relevant assembly committees which in two days of work "vetted" the draft law and decided to continue debating.

It was agreed that the committees will meet today so that this draft law can be placed on the agenda of tomorrow's session of the Federal Assembly chambers. Today, however, this session was cancelled.

The most crucial remarks by the republican ministries, which have been abolished under the constitution of the Federal Republic of Yugoslavia, referred to the fact that the federal authorities have complete powers over defense and the army is in their hands.

The debate on a draft law on the country's defense and the army's transformation was adjourned at an even earlier stage.

FRY, Serbia Officials Meet With Bosnian Serbs

LD1412231292 Belgrade TANJUG Domestic Service in Serbo-Croatian 2217 GMT 14 Dec 92

[Text] Belgrade, 14 Dec (TANJUG)—FRY President Dobrica Cosic and his aides; Federal Foreign Affairs Minister Ilija Djukic; General Zivota Panic, chief of the General Staff of the Yugoslav Army; and Republic of Serbia President Slobodan Milosevic had talks this evening with top officials of the Serb Republic [of Bosnia-Hercegovina], the FRY president's office revealed.

The Serb Republic was represented by Presidency President Radovan Karadzic; Assembly Speaker Momcilo Krajisnik; Presidency member Nikola Koljevic; Defense Minister Colonel Bogdan Subotic; and Lieutenant Colonel General Ratko Mladic, commander of the main headquarters of the Serb Republic.

They discussed, it was stated, topical issues regarding the Yugoslav crisis. It was assessed that a permanent and just peace in the former Bosnia-Hercegovina is of vital interest for the Serb Republic and the FRY.

The leadership of the Serb Republic presented its views on urgently ending the war, about which the assembly of the Serb Republic will draft a declaration, the FRY president's office revealed.

Army Plans Defense Against Military Intervention

93BA0330B Ljubljana DELO in Slovene 1 Dec 92 p 5

[Article by Kresimir Meler and Mirjana Glusac: "Intervention for the Orthodox Christmas?"]

[Text] *The preface to that military intervention is supposed to be the liquidation of Milosevic, specifies a military report on the situation in the Yugoslav Army; generals and politicians are preparing to flee; 100,000 casualties on the Serbian side.*

"In the last six months the situation in the Yugoslav Armed Forces has gradually improved, but we are still observing difficulties in some corps and also parts of the Yugoslav Armed Forces' supreme command. Particularly problematical is the situation in the Podgorica and Novi Sad corps, where some lower- and also higher-ranking officers, headed by Pavel Strugar, are opposing assistance to the Hercegovina corps and the Serbian people outside the Federal Republic of Yugoslavia [FRY], and also the justified attempts to have Milan Panic and chief of the General Staff Zivota Panic relieved of their duties because of their capitulatory policy."

That is the beginning of a report on the situation in the Yugoslav Armed Forces [JOS]—the Yugoslav Army—which the chief of the JOS's security administration, Brigadier General Nedeljko Boskovic, and the chief of the security administration of the Air Force and Antiaircraft Defense, Major Gen. Radomir Sekulic, delivered 10 days ago to their sole and real commander, Slobodan Milosevic. And what else does their report contain? A lot of critical words at the expense of several JOS units that are no longer prepared to die on the battlefield, and also a plan for preparations to settle scores with "all those who would threaten the integrity of the FRY and its fundamental interests." Among other things, it says that as a result of the withdrawal of the Podgorica corps and the unsupervised withdrawal of the JOS, it was necessary to establish new defensive positions, so that the new first line of defense is Sveti Nikola-Bratic-Zaljevo-Petrovac-Rose-Jablan Do-Poljice Popovo and the Motka hill-Zabica-Plana in the northeast, and in the northwest at Divin-Berkovici-Grebac hill (1093) and so on in accordance with the development of events.

Most interesting is the part of the report in which they analyze the possibility of military intervention by the WEU [Western European Union] or NATO at the JOS's positions in the "Serbian republics" and defenses against that intervention. As it states, "The General Staff and the Security Administration are extremely concerned about the latest developments in the Adriatic and the states that border on the FRY, except for Greece and Romania. Particularly dangerous are Italy, Germany, the United States, Bulgaria, and Austria, which, in spite of its neutrality, has not renounced the territory that it had together with Hungary in the Austro-Hungarian monarchy. It is to be feared that in the coming days and weeks, and at the latest by Christmas, 7 January 1993, military intervention by the above-mentioned forces may begin, with the goal of destroying the JOS, defeating Serbia militarily and politically, dismembering it, and subjecting it to the NATO alliance and the Western powers. The preface to that intervention is to be the liquidation of Serbian President Slobodan Milosevic, Gen. Bozidar Stevanovic, chief of the Security Administration Nedeljko Boskovic, Ratko Mladic, Zivomir Ninkovic, Bosko Kelecevic, Radomir Sekulic, and the politicians Mihajlo Kertes, Vojislav Seselj, and other proven fighters for Serbian interests. After these liquidations and the securing of top secret information, it would be relatively easy to incapacitate the FRY's defense system. Through wiretapping, tailing, and other operational activities we have learned that Vuk Draskovic and several members of his party are directly involved in this, and that they have received about $900,000 in return for these services through the mediation of Milan Panic's ICN (...).

Attack Against Pale and Ilidza

"Through operational work abroad and the decryption of information collected at diplomatic and consular representations, we have learned that they are preparing a strong air attack against our forces in Pale and Ilidza, and also against all our positions around Sarajevo, Gorazde, and Tuzle, and the entire area between 16 E and 2330E and 4615 N and 4230 N. A landing can be expected in the area of the Montenegrin coast, in Sandzak, in Pale, in Ilidza, in the vicinity of Jajce, and in the vicinity of Nevesinja and Trebinje, Foca, and Visegrad. On the southern front, the most threatened are Tivat, Hercegnovi, Bar, and the entire Boka Kotorska bay, and also the entire border with Croatia in the south, specifically by a total strength of 400,000-500,000 men. Our operatives and analysts think, on the basis of the information collected, that transport helicopters may also be used to bring long-distance cannons, tanks, and launchers for surface-to-surface and surface-to-air missiles. At the same time, the enemy air force, probably 60 to 100 aircraft, would strike our positions on the abovementioned first front around Sarajevo and Banjaluka, and the control centers in Serbia.

"Consequently, the Republic of Serbia's command personnel and political leadership have to be withdrawn to safety, namely to the location of Bregac hill 2014 and Jabuka hill 2048. Only a command staff for communications would remain in the critical areas, and the same thing also applies to our positions in Banjaluka. From military sources that are favorably inclined toward us we have received hints that the military airfields at Batajnica, Subotica, and Sombor may also be attacked at the same time as this location. We therefore advise that most of the aircraft be withdrawn to the alternate airfields at Uzice, Podgorica, Biskupija, Bileca, Budva, and Sijenica. A possibility exists that before that action, the enemy forces may try to block the runways in Batajnica and Banja Luka, which we cannot allow by any means.

"As soon as the attack begins, it is necessary to activate all available surface-to-air systems, artillery, antiaircraft artillery and missile units, and the infantry. It is known that aircraft, if they want to attack, have to come quite close to our positions, so they will be in range of our antiaircraft defense. Fighter-bombers have to take off from the reserve airfields, and attack the enemy ground units, the capitals of neighboring states, and installations in the area of the Adriatic coast, regardless of who they belong to. It is also necessary to attack chemical industry installations in the neighboring enemy states and incapacitate the most important roads, railroads, and airports. Lieutenant Gen. Bozidar Stevanovic will be responsible for the operation of the air force as a whole, Brigadier Gen. Radomir Sekulic for the northern sector, Brigadier Gen. Zivomir Ninkovic for the western sector, and Brigadier Gen. Branislav Gasic for the southern sector. Nedeljko Boskovic will be responsible for operational intelligence coordination, Colonel Milan Milojevic will be his deputy, and he will also cooperate with Bosko Kelecevic, Milosav Gagovic, and Milan Gver. We have at our disposal modern artillery and missile weapons, which ensure successful battle with all modern aircraft in the world. At the same time, it is necessary to declare the highest level of readiness at the missile bases in Glina, Petrinja, Obrovac, Javorani, Ignan, Baljina

Basta, Uzice, Raska, Makovac, Sisava, and Sukovo. Colonel Zarko Kostic will be responsible for this operation. His direct deputy will be Brigadier Gen. Ljubodrag Stojadinovic. According to our assumptions, in the event of such an intensive conflict we would lose up to 30 percent of the aircraft and about 35 percent of the soldiers, and the enemy would have irreplaceable losses (...). If the assumptions in this analysis were fulfilled, it is very likely that there would be an attack against Belgrade, Nis, Pristina, the corps headquarters, and military airfields. We assume that in that case they would use an additional 150 aircraft and helicopters, and at least 12 armored-mechanized units. We have therefore ordered that all missile and armored-mechanized units, the air force and antiaircraft defense, and the navy should be at the highest level of combat alert.

Attack Against the Neighboring States

"It is necessary to sink the aircraft carriers without delay, but before this the electronic surveillance and interception centers in Krstac and Ivanjica should block the enemy radars and systems for control and electronic guidance. The centers are now connected with Batajnica and the JOS General Staff, Zemun, and the reserve joint facility in Vrsac. The best thing to do is to protect all the airports and establish an antiaircraft and antimissile umbrella around Belgrade. We assume that in that case there would be up to 100,000 casualties on our side, but that is still within tolerable limits. On the other hand, our forces could attack southern Italian cities and the neighboring states, and also part of Turkey and Germany. Turkey and several Islamic countries would be a particular problem because of their relationship with the United States. Our units, however, are capable of defeating them as well. It is necessary to prevent a blockade of the Kotor bay, to mine the Straits of Otranto, and to attack Lezho and the Pelikan port in Albania. Strong tank units and some missile systems should be transferred to the borders with Albania and Macedonia, and strike the positions of the Albanian and Macedonian armies and the settlements there with their full force."

And what is the situation like in reality? The base near Ivanjica is important to the JOS for control of the air space. To be sure, in addition to the above-mentioned stationary electronic surveillance centers it also has mobile surveillance units. If the stationary units cannot function, for any reason, or their operation is blocked, mobile units are activated in areas where radar operation is obstructed or prevented because of the configuration of the land (areas with metal mines). Constant communications between the mobile and stationary centers are by no means flawless, as the report tries to portray them, and likewise the equipment for processing the collected data is not complete. From the moment that aircraft are detected until the beginning of the processing, 15 to 20 seconds are needed. If we add to that the 15 seconds for processing, it turns out that it is not possible to speak of lightning speed. An even worse difficulty is that all the systems are adjusted for the top aircraft speed of 1.3 Mach (about 1,550 kilometers per hour), but we know that the aircraft that NATO has are considerably faster. Furthermore, an aircraft must not fly lower than 180 meters and must not have equipment for electronic jamming. It is true, certainly, that by illegally importing equipment the center at Ivanjica has also considerably modernized the mobile equipment. It is still possible, however, to obstruct their operation without any difficulty, and consequently thinking about a victory over NATO belongs in the realm of science fiction.

Actual Jobless Rate Camouflaged by Statistics

93BA0331D Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 16 Nov 92 p 33

[Article by V. Karakasevic: "Jobless in Several Categories"]

[Text] It would be wonderful if the unemployment situation in the Federal Republic of Yugoslavia [FRY] were (only as) bad as indicated by the records of the Employment Bureau. Specifically, in the middle of the year there were 740,636 people seeking employment registered there, which is, in turn, only 4.7 percent more than in the middle of last year. Furthermore, during the first half of the year there were fewer people applying for employment at the bureaus than last year during that period, and each month enterprises and other work organizations registered up to 30,000 job openings.

Unfortunately, things are much worse, and there are at least twice as many people unemployed as the official statistics have succeeded in recording. The most dramatic events are in enterprises and institutions in the socialized sector, where many collectives have completely ceased to operate, while every day machines keep stopping in numerous industrial shops and the crowd of workers on so-called forced annual leave is multiplying. Actually hundreds of thousands of people have been left without work, but for the time being not without employment, because even those who have stayed home are kept on the records of employees and receive almost the same wages as those who are still working. In the sphere of labor, a sort of social security for workers has thus spread to the enterprises. That broad solidarity has been established by the state, i.e., the republic authorities, through their regulations according to which no one (in the socialized sector) can be left without employment if he is left without work because of the international blockade. This principle is still in effect, even though more and more people are benefiting from unearned wages (the printing of new money cannot be coordinated at all with the growing needs), and the halted enterprises include many that would have failed even without the blockade.

On the other hand, the number of employees in the socialized sector is falling much more quickly than the number of people unemployed is increasing. For instance, from March 1990 to the beginning of June, the number of people employed in the FRY fell from

2,689,000 to 2,353,000, i.e., by 336,000. During that time, the number of people seeking employment increased from 648,000 to 740,000, i.e., by 92,000 people—which approximately corresponds to the annual influx of new generations from the schools. A considerable part of the fluctuation in the socialized sector is actually due to the retirement of all those who were at all close to meeting the legal conditions; some people left work in the socialized sector and went into private business, but the fact is that in these times of crisis people are registering for the employment bureaus' records less eagerly, since they do not benefit from them at all—except in the first few months when compensation is received for remaining unemployed.

As it was, in June in the present Federal Republic of Yugoslavia [FRY] there were 740,636 people who applied to the bureaus to seek employment. Of those, 454,945 people were seeking employment for the first time, i.e., before that they were not employed. During the same month there were 65,781 unemployed in Montenegro, and 674,855 in Serbia (375,342 in central Serbia, 111,839 in Kosovo and Metohija, and 187,674 in Vojvodina). Of the total number unemployed, 33.4 percent are unskilled workers, 7.8 percent are semiskilled and with a lower education, 19.2 percent are skilled and highly skilled workers, 32.5 percent have a secondary-level professional education, 3.1 percent have higher education, and 4 percent have high education. All in all, over 58 percent of the unemployed have some professional qualifications.

In June, there was an unusually higher number of terminations of employment: 54,156, which is more than double the average fluctuation in previous months. Among the standard reasons and justifications for terminating employment, the most frequent one was expiration of an employment contract for a specific period (15,336), followed by termination of employment by agreement (5,664), and termination of employment at the worker's request (5,088). Because of the initiation of liquidation proceedings, 1,074 people were left without work in June, while 25,616 left work "for other reasons." Individuals from the central part of Serbia constitute the majority of that group (25,499).

In June, enterprises and organizations reported requirements for 22,134 workers, and 20,123 workers obtained employment through the employment bureaus. Nevertheless, the gap between the supply and demand for labor is still visibly increasing. Thus, in 1988, there were statistically 15.5 percent of the unemployed for one job opening, 16.3 in 1989, 21 in 1990, 28.1 in 1991, and 31.6 percent this year.

The bureau's report says that in June 1992, 16,422 new workers applied to the employment services for employment, which is approximately as many as in that month a year earlier, and 5.6 percent less than the previous average. The reason for the decline in the number of employment applications, it says, may be partially explained by awareness that the possibilities for employment in the socialized sector are minimal, and that some people are resorting to employment in the private sector, working in the black market, etc. That is also indicated by the data on the decline in the number of people employed through the service—by an average of 26.7 percent—in comparing the January-June period this year and last year.

Finally, in June 1992 32,527 people received monetary unemployment compensation, which is only 4.4 percent of the total number of those seeking employment. The reason for the small size of this group is the reduced rights and periods for receiving compensation, as well as the payment of personal incomes to the multitude of workers left without work but kept employed, as previously discussed.

Unemployment in the FRY has thus been completely relativized, without a clear boundary between the utilized and unutilized work force, and between active and supported inhabitants.

Serbia

Milosevic Discusses Foreign Intervention, Kosovo

LD1412212292 Paris France-2 Television Network in French 1900 GMT 14 Dec 92

["Exclusive" interview with Serbian President Slobodan Milosevic by television special correspondents Jacques Merlino and Claude Sicard, date and place not given; individual correspondents not identifiable; Milosevic in Serbo-Croatian with superimposed French translation—recorded]

[Excerpt] [passage omitted] [announcer] A week before the presidential elections in Serbia, our special correspondents Jacques Merlino and Claude Sicard have been able to record an exclusive interview with the current Serbian leader. As you will hear, Slobodan Milosevic—who is having accusations heaped upon him—continues to plead not guilty:

[Correspondent] Mr. President, many people in Europe and the United States are now envisaging a military intervention against your country. Do you fear such an intervention?

[Milosevic] I do not think the international community will adopt such an irresponsible decision as to use force against our country. How is it possible to speak now of a military intervention while the international community is doing nothing to stop the criminal hordes of Alija Izetbegovic? With very few words and means of pressure, the international community could stop this conflict.

[Correspondent] Do you still maintain that the Federal Army is not present in Bosnia-Hercegovina?

[Milosevic] I can say categorically that Yugoslavia does not have a single soldier on the territory of Bosnia-Hercegovina.

[Correspondent] Do you think that a political agreement is still possible?

[Milosevic] I believe solely in a peaceful agreement and a political agreement. Hope is possible, and I am certain that on the principle which we have supported from the beginning—that is, that the interests of the three communities in the Bosnian conflict should be taken equal account of—on that basis one could very quickly reach a solution accepted by the three sides and hence a lasting peace.

[Correspondent] The situation is very difficult and very tense in Kosovo. How do you see the development of that region?

[Milosevic] I think that the European public has a false image of the situation in Kosovo; they do not ask themselves about the position of the Albanians and do not understand that there is no problem with relations between Albanians and Serbians. We are not at conflict with the Albanians; we are at conflict with the Kosovo separatist movement, whose aim is to detach part of the territory of Serbia and attach it back onto neighboring Albania.

[Correspondent] Will Kosovo always be Serbian?

[Milosevic] Kosovo is not only a part of Serbia—it is the heart of Serbia. Our whole history and our culture are found there.

[Correspondent] Mr. President, I would like to ask you a delicate question: Many people consider that Serbia has committed war crimes. Do you realize that one day you could be tried for crimes against humanity?

[Milosevic] These accusations are based on unfounded argument. First, peace has reigned in Serbia since the beginning of this crisis; Serbia has fought to keep Yugoslavia, and if fighting to safeguard one's state is a crime then probably everyone can feel proud of such a crime if he is tried, proud of his loyalty to his people and country.

Milosevic: Embargo Must Be Seen as Challenge

AU1512104692 Belgrade RTB Television Network in Serbo-Croatian 1815 GMT 14 Dec 92

[Speech by Serbian President Slobodan Milosevic to Serbian businessmen in Belgrade on 14 December—recorded]

[Text] The economic sanctions devised to achieve political aims are undoubtedly testing our economy to the full. Many enterprises have reacted successfully to the restrictions imposed by the blockade. Most of the enterprises among the biggest enterprises in Serbia—and whose directors are present here today— have, one could say, more or less reacted successfully, as could have been expected, by substituting domestic raw materials and oil for imported ones, producing imported parts at home, mastering new productions of final products, and searching for new ways of selling them on the market.

There is no doubt, however, that the use of these resources could have been and would be greater had we not expected the sanctions to be lifted quickly and overnight. In line with this, our economic policy tried to neutralize the most adverse effects on the economy as far as possible, sustain production in the branches vital for the functioning of the economy, and meet the basic needs of the population.

The effort to spread the burden of the sanctions as evenly as possible on the entire population while protecting the poorest levels and refugees gave this policy a clear social dimension and character. I would say that this reaction is normal, but at present it is only a short-term reaction. However, such a reaction, and I think this should be the essence of the main issues we are discussing today, has inherent shortcomings. It involves excessive deliberation as to whether the sanctions will be lifted in one, two, or three months, something that is still being done, instead of approaching the settlement of the outstanding issues more aggressively. Idly waiting under the current circumstances offers good opportunities to all types of extreme pessimists to breed unrest and predict the collapse of our economy.

Fortunately, the great part of the deadlines for the predicted collapse have expired, while the economy, though with reduced output, is functioning in all vital sectors. Investment in the construction of some communications even continue, although, to tell the truth, this was more out of inertia than a firm commitment to continue efforts in the development, I stress development, of the economy in this period. This is why we should abandon the view that we can only pursue a policy of survival while the sanctions are in force, and that development is inconceivable before the sanctions are lifted.

If we were to be guided by such views we would fall far behind. One should not even talk about how a policy of vegetating, of a slow extinguishing of the economy until the point of total collapse, is depressive and how it is filled with social tensions. What is important is the opposite, namely that the blockade should be understood as a challenge to which the country is responding by mobilizing all its material and creative forces with the intention of not abandoning further development despite the significant restrictions imposed by the blockade. This approach should be affirmed. As you all know very well, we have many material prerequisites for such development, ones that are fully used, as well as the many we still have in reserve.

One such challenge—let us, after all, go back to the not so distant past, to the beginning of this century—was the customs war with the Austro-Hungarian empire, a war

that was not only a blow to the Serbian economy, but represented a turnaround in the development of our industry.

Between 1906 and 1910, the capital invested in industry increased three times. The potential generated also increased three times. In the first decade of this century, the number of industrial enterprises in Serbia grew many times, while output rose eight times. The number of workers increased five times. I am giving you these statistics because they are topical at present, because they explain what such pressure meant, and what the reaction to it was; it was a real challenge in terms of economic development in this country.

After all, as we all know very well, after World War II the economy of Serbia became more industrialized as a result of some kind of semi-blockade. The economic restrictions imposed by the West were quickly replaced by the blockade of the East European countries. During the years following the adoption of the Cominform resolution Western economic aid in terms of wheat and arms helped Serbia to survive, but not to intensively develop itself. Despite this, as a peasant country, Serbia made enormous efforts to industrialize itself. Therefore, this is not the first time Serbia has faced a blockade and economic discrimination from abroad. In view of the fact that it responded to these challenges by making a greater effort, it, or at least the majority of those present here with whom I have had the opportunity to talk, should and must should do so now.

It is true that it is not fair to make such comparisons. I do not think that there is direct analogy. What is important is that we do not view the blockade today as if it were only something that is limiting our opportunities, but also as a challenge, thus confounding the expectations and views that nothing can be done if the sanctions are not lifted. Of course, what transpires from the intentions of those who are exerting this pressure and applying sanctions against our country is that we should agree to all unacceptable political demands that are being put to Serbia.

Understanding the blockade as a challenge is not, therefore, necessary for propaganda reasons, but in order exploit the real opportunities. These, as you all know very well, at least as far as your own fields are concerned, do exist. That is why the period until the sanctions are lifted should not be covered only with an economic policy that has short-term intervention measures in the expectation that the development policy can be pursued only when the sanctions are lifted and with foreign loans. How long one would have to wait for this is best illustrated by the examples of many East European countries that met all the conditions, but, as you know, as regards loans for development and investments, have, at least up to now, not received anything.

This means that under the impact of indeed large restrictions imposed by the blockade, especially in the fields of imports and exports, we must not make the mistake of ignoring the opportunities that are available for development, which, despite the current obstacles, are certainly not negligible. I would like first of all to stress the possibility of sustaining and raising the level of production in agriculture with our own production of machines, tools, and materials for reproduction. Moreover, the underemployed construction industry, which has asserted itself throughout the world with the quality of its work by relying on domestic production of machinery, equipment, and raw materials, undoubtedly represents one of our very important potentials.

Moreover, we have always had plenty of manpower. Now, because of the reduced production in some branches, a significant number of workers are being partly paid even though they are not creating new value. What is of particular importance is that under the current conditions Serbia has a large number of experts capable of solving all kinds of problems in production quickly and correctly. Serbia has significant, and to a large extent activated, energy sources. It is well known that, apart from France, our country is the only exporter of electricity in Europe.

Therefore, the general conditions for development exist. For the fact that in the current circumstances we have to maneuver to make use of these conditions, especially as regards finance, the blockade deserves credit as an extraordinary measure to which we have to respond with appropriate economic measures—and not with doctrines, nor with some kind of ordinary or, I would say, rather obsolete methods—for the financing of development, the size and application of bank loans, the amount of money supply, and other elements of a monetary character that also need to be discussed.

There is even more economic justification for activating these potentials because they remove some major defects in the structure of the economy. A rudimentary insight into some vital sector of the economy will reveal possibilities for achieving significant economic rationalization.

The modernization of transportation is being set as the condition for the further development of the economy and integration of the transportation systems of modern Europe. The construction of highways and the modernization of railroads is, as we all know, under way, and a significant part of our development efforts must be devoted to the intensification of this entire project. We must realize the project of the construction of fast trains as soon as possible, raise the quality of the railroad transportation services and so forth. We all know very well that railroad transportation has unjustifiably been pushed out of our general economic life. The fact that we have 2,000 railroad cars, and 8,000 buses on the other side, and that we are renting railroad cars, while our producers of railroad cars produce the best equipment from domestically produced materials, illustrates how activating a series of branches of the economy could achieve incomparably greater effects within the closed circle, so to speak, than is being done at present.

I would only mention one more thing, which in my view and the government's view is important, since it has spent a great deal of time on it in the last few months. I want to say that having larger areas of land under irrigation is also an extremely important condition for stability and increasing agricultural production.

Because this potential is being neglected, in comparison with other European countries the volume of land under irrigation in Serbia is the smallest or almost the smallest. The fall in agricultural production as a result of this year's drought is a warning of huge material losses in national income because we did not invest sufficiently in the irrigation system. It seems, however, that this would be the most effective investment at this moment. A few days ago, I talked about this with a group of directors who have extremely good projects. These can be realized as early as before the next agricultural work at the beginning of this year [as heard]. These directors have a good approach to the financing of the entire project so that a peasant would not be forced to purchase something or pay in advance, but would use a percentage of the increased yield from the installed irrigation equipment or a percentage of the crop to pay for the investment by industry, which can make this effort and realize this project. It would take too much time to name all these projects. A large part or even all of them possess the character of public works, something that is usually resorted to when the economy needs to be helped out of a depression. Even much more developed countries and the most liberal economies such as the U.S. economy have not been able to avoid this, because in difficult economic conditions they have always had to turn to public works and to something that can be used as a complete economic potential within that framework.

I also want to point out something that it is of special significance: With these works, there will be employment for the insufficiently employed construction industry, as well as several dozen branches of industry of this sphere.

I would also add here as another significant element the fact that economic sanctions are diminishing and reducing the effect competition has on improving quality and reducing costs, as well as taking advantage of the latest results of technological progress. However, the opportunity to introduce new products without the danger of foreign competition discouraging the development of these new products in the initial stages because of its better quality and lower costs does represent a certain compensation for the aggravated economic conditions. On the other hand, it goes without saying that new products must meet this competition with improved quality, because that is the only way they will ultimately be able to survive in the market. However, a number of economic organizations or branches of the economy should certainly take advantage of what I would call the protective environment they are obliged to operate in at the moment.

In this connection I would like to point out in particular that our orientation toward an open economy is well-known. Therefore, this orientation must by no means be called into question with this approach; it remains our permanent orientation. However, the blockade imposes on us the logic of autarky, which must be accepted in a limited sense: not as an economic philosophy under normal conditions, but as an imposed method of business operations. Unfortunately, this reality must be accepted by enterprises, together with those involved in economic and developmental policy, that is, together with everybody taking part, from the monetary authorities, to the government, to commercial banks, to commercial associations, chambers of commerce, and others.

Draskovic Says Peace To Follow Election Victory

LD1412225992 Belgrade TANJUG Domestic Service in Serbo-Croatian 2124 GMT 14 Dec 92

[Text] Zrenjanin, 14 Dec (TANJUG)—Vuk Draskovic, leader of the Serbian Renaissance Movement, said in Zrenjanin this evening that after the victory of the Democratic Movement of Serbia [DEPOS], peace will soon be established due to a new peace plan, which he named "the Vance-Vuk plan."

At a DEPOS promotion rally attended by about 4,000 citizens of Zrenjanin, Draskovic outlined the new peace initiative, which boils down to Serb Krajina joining Bosnia, parts of Serb Krajina bordering Vojvodina joining Vojvodina, and western Hercegovina joining Croatia.

We will respect Bosnia-Hercegovina, but the Drina river is not a frontier because I was not born abroad nor will I go to visit my parents abroad, Draskovic said, adding that borders would exist only on maps and there would be not border patrols or customs people.

Commenting on the "Serbia will not bend down" election motto of the Serbian Socialist Party, Draskovic asked how anyone who was already lying down could bend.

Draskovic concluded his speech in Zrenjanin by urging young people to persuade their grandparents to vote for the future of their grandchildren on 20 December.

Radical Party Attacks Panic in Radio Spot

AU1412174192 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 14 Dec 92

[Statement by Jovan Glamocanin, member of the Executive Council of the Serbian Radical Party, during the part of Belgrade Radio's news program allocated for party political broadcasts—recorded]

[Text] We knew that Milan Panic [Yugoslav Prime Minister] is on the side of the traitors of the Serbian people and that he is in the service of the anti-Serbian policy of the United States and the EC. He proved this when he condemned Serbs for committing war crimes

and carrying out ethnic cleansing, when he strove to internationalize the Kosovo-Metohija issue, when he accepted demands by the west for Yugoslavia's continuity to be stopped, and by his other activities and stances, of which the worst is that Serbs in the Serbian Republic and the Republic of Serbian Krajina should be forced to live in Izetbegovic's Bosnia-Hercegovina and Tudjman's Croatia.

We also knew that the current prime minister has taken over the Galenika pharmaceutical firm for only $100,000 and that he is making money in this way and through other suspicious deals. We recently learned and immediately informed the public that Milan Panic is spending enormous amounts of money on his activities as federal prime minister, and that he and his closest aides are depositing money in foreign banks. As known, we are talking about a sum of $1 million.

Similar activities are also being pursued by Justice Minister Tibor Varadi. He planned and approved the expenditure of funds from the federal budget amounting to $50 million for the needs of foreign observers, for the use of helicopters, cars, and so forth.

Political parties that support Milan Panic are threatening to demand new elections after 20 December. The Serbian Radical Party holds the firm view that, as far as the party itself is concerned, it will not allow further elections for the next four years, as stipulated in the Constitution.

Frequent elections are demanded by those who do not respect people and democracy, that is, by those who want to rob Serbia and the Serbian people. The will of the people as expressed at elections must be respected, otherwise there will be no democracy, peace, or freedom.

Money Allegedly Handed Out During Panic Speech

AU1412134292 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 14 Dec 92

[Text] Speaking at a news conference, Mile Ilic, chairman of the Town Committee of the Socialist Party of Serbia of Nis, commented on the statement Milan Panic made in that town to the effect that the Nis leadership could prepare themselves to leave. Ilic said that Panic had not elected that leadership so he could not replace it. That can only be done by the citizens and the ruling party.

The president of the Town Committee of the Socialist Party of Serbia of Nis said that he possesses information that banknotes of German marks and dollars were distributed during Panic's speech in Nis Liberation Square.

Bozovic Heads Discussions on Economy, Blockade

LD1412183992 Belgrade TANJUG Domestic Service in Serbo-Croatian 1407 GMT 14 Dec 92

[Excerpt] Temerin, 14 Dec (TANJUG)—The further strengthening of private entrepreneurship and quick privatization were the main topics of talks held in Temerin today between Serbian Prime Minister Dr. Radoman Bozovic and owners and representatives of the most successful private firms from the whole of Serbia.

Dr. Bozovic particularly dwelled on the republican government's concept of the transformation of ownership. Nobody in Serbia, he said, has anything against privatization, but we must differentiate between sound entrepreneurship and speculation. He explained that the purpose of setting up a separate Ministry for Small Businesses is precisely the creation of an institutional form of cooperation and coordination of development in this part of economy.

Speaking about the economic blockade, the republican prime minister said that the logic of the capital is the most effective measure against all blockades, political decisions, and bans. As much as political bans are short lived in the national sphere, as much is the capital able to overcome all obstacles on its path of making profit in the international sphere. [passage omitted]

Ministry Denies Changed Stand on Army Law

LD1112173792 Belgrade TANJUG Domestic Service in Serbo-Croatian 1148 GMT 11 Dec 92

[Text] Belgrade, 11 Dec (TANJUG)—The Serbian Defense Ministry issued a statement today saying that at a meeting with representatives of the Army General Staff and the FRY Defense Ministry on 10 December, the comments and suggestions of the Serbian Defense Ministry on the draft law on the Yugoslav Army were adopted, creating conditions for this law to proceed through Assembly procedures.

The Serbian Defense Ministry decided to release this statement because of the reports in some information media that it had dropped some of its comments on the draft law on the Yugoslav Army.

The statement says:

"At a meeting of representatives of the General Staff and the FRY Ministry of Defense with representatives of the Serbian Ministry of Defense on 10 December 1992, our comments, proposals, and suggestions on the draft law on the Yugoslav Army were examined and accepted. This creates the possibility of the changed and amended text of the draft law on the Yugoslav Army going through the further procedures.

"The Ministry of Defense of the Republic of Serbia adheres to its stands put forward earlier that the discussion of the draft law on defense of the FRY should be deferred, for the reasons already stated and the fact that certain provisions of the law on defense will be included in the text of the draft law on the Yugoslav Army. There is no truth, therefore, in the reports published in certain information media that the Serbian Ministry of Defense has abandoned its demands in connection with the draft

laws on the Army and defense of the FRY," the Serbian Defense Ministry statement says.

Commentator Denies Belgrade TV Is Unobjective

AU1412093692 Belgrade RTB Television Network in Serbo-Croatian 1815 GMT 13 Dec 92

[Commentary by Krste Bijelic]

[Text] The great democratic world, which concealed the scenes of massacres in Panama and Iraq from its public, and today persistently demands from the territory of the former Yugoslavia only one-sided information on Serbian responsibility for the war, has for months been accusing Serbian Television of bias and impartiality. These accusations are intensified as the elections in Serbia are drawing close.

Somehow at the same time, Cedric Thornberry, head of the civilian sector of UNPROFOR [UN Protection Forces], speaking recently in Zagreb, compared the state of information dissemination on the territory of the former Yugoslavia as follows: In Croatia there is one big problem, a lack of objective information, Thornberry said. At the beginning of our mission we tried to reach the public with news conferences. However, we found it more difficult to do it here than in other countries we have visited. When I and General Nambiar visit Belgrade, we are followed by four or five television crews. The main news programs devote about 10 minutes to talks with us. Although what we say is often very unpleasant for Serbia, they nevertheless broadcast it.

We were quoting POLITIKA of 7 December this year.

Mr. Thornberry did not only appear in the programs of Serbian Television, but he certainly had and has methods of learning about them. Even though he, too, comes from the big democratic world, we have not heard accusations against our house from him. The man adheres to his principles. He does not want to lie, or influence the free elections in our republic according to tested recipe, with a campaign against Serbian Television.

There are, however, some who do want this, here in the land of Serbia. The most passionate fighters for power appear to be counting on being able to confuse and frighten the people with brutal attacks on Serbian Television and in this way win them over. Let us, therefore, look once again, all together, at what we all perhaps may remember with shame.

[Begin recording of a statement by Federal Minister Without Portfolio Ljubisa Rakic] I think that developments in television, particularly in the last three months, are the biggest national disgrace of Serbia for the simple reason that, in confronted with a great deal of information, most of our people, I believe 90 percent, have reduced all channels of information to television, or to be more precise, to the television that is watched throughout Serbia, that is, state television, Radio and Television of Serbia. Having looked at different media during my long life, and following the media in other countries, for I know many countries, I think that our television would be assessed most negatively. In my view, television today, the dissemination of one-sided information—without any order, without any style, without any taste—represents a style of propaganda in absolute unison by a certain group of people, the Goebbels type of television. [end recording]

It is not very likely that in addition to his enormous duties, the famous microbiologist and even more famous foreign policy expert Academician Ljubisa Rakic has time to carefully follow the media and analyze the programs of Serbian Television. He will indeed find it very difficult to justify his exaggerations with evidence in court, which is the right place for such a speaker on this subject.

Rakic's boss, Mr. Milan Panic [Yugoslav prime minister], could face a similar problem. By exerting pressure on the Supreme Court of Serbia, he not only won the right to be a presidential candidate in the election, but, it appears, assumed the obligation to respect the laws of this state, not only the written ones, but what is more, the unwritten ones, the ones that kept the Serbs as people and the nation going through history.

[Begin Panic recording] When I came, this country was not only economically bankrupt, it was almost morally bankrupt. If you watch television, you will know what I mean. It is a crime against our people. You can kill somebody on the battlefield, or you can kill him on television. They are killing our children on that television every day [applause]. This is a crime. I want to tell you that, if I do not restrain myself next week, this Mr. Panic will no longer be this Mr. Panic. He will be a Panic, a Serb, who knows how to fight against lies, who knows how to change the system, not in a nice way. I will tell them the truth. This is crime. This scum [bagra] must be replaced. [applause]

I want a fair fight. I am given 30 seconds on television, they get three hours. I have dogs who speak against me. Milosevic will never come and face me in a dialogue. He brings his dogs who bark against me all day long. This is a disgrace for the Serbian people. They are not Serbs, they are traitors of the Serbian people. [applause] [end recording]

It is certain that Mr. Panic, as a businessmen and the owner of a company, a boss in a word, is used to being obediently listened to by his subordinates. He has transferred this habit to the political terrain of Serbia. We saw how nervously and angrily he reacted to all the questions he did not like, and to all statements by his political opponents and those who do not share his view.

As the elections draw near, Mr. Panic is becoming increasingly nervous and finds it increasingly difficult to control himself. In this sense, one could say he has even made progress, for he no longer calls those who do not rush to support him in his feverish attempt to attain

power green beans, but scum, dogs, and criminals. Perhaps this street vocabulary and threats suit a businessman from California, but they certainly do not suit to a candidate for the office of president of the Republic of Serbia.

Banks Reportedly 'Plundered' by Government

93BA0332A Belgrade POLITIKA in Serbo-Croatian 27 Nov 92 p 11

[Article by Ljubodrag Cudomirovic: "The 'Massacre' of the Bankers' Accounts"]

[Text] They "skinned" the Karices for 2.2 billion dinars, Dafina for more than 3 billion, Beobanka for over 1 million, one of the banks in the Jugobanka family for exactly 1 billion, and one of the banks established relatively recently was "plundered" for "only" 500 million dinars because of the time factor and thanks to reason, i.e., the economically justified amounts of interest which it paid its new savings depositors.

Unfortunately, in the case of this latter those "only" 500 million dinars taken hastily by the Serbian Republic Public Revenues Administration in a recent campaign to collect tax on the income individuals earn from interest which is higher than the rate of inflation represent no less and no more than the entire amount of deposits of individuals placed in it. Or, to make it still clearer, instead of the republic taxmen ascertaining on the basis of a prior audit of the business books that on the basis of unpaid tax obligations the bank, i.e., its savings depositors, owed 49 million dinars (which is what the bank's accounting indicates), the taxmen took from them all 500 million dinars. That is the total amount of personal savings they hold, and the posited balance in current accounts of individuals, and the issue of treasury bills that has just begun....

The Taxmen Are Not "Dumb"

Of course, the taxmen are not "dumb" either, and they would not have taken those 500 million in haste and without inspection if they had not known in advance that the total savings of individuals, i.e., total deposits of individuals, in that bank are only a very small and still underdeveloped part of its business operation. In other words, that the bank is financially sound enough, which under present conditions means, above all, liquid, that this exceptional payment can be covered with other available resources. Even at the price that once they learn its name, all the savings depositors would run to the bank and ask for their money back.

"I do not know how severe they were toward Dafiment Bank, Karic Bank, and others which had never publicly advertised their year-end statement in the newspapers. But they certainly were against us. Especially compared to Beobanka, which has 40 times as many savings depositors as we do, yet they took from them barely twice as much as they did from us. Nevertheless, lest I be misunderstood by my neighbors in Beobanka, it is well-known among us bankers that for months now they have been paying much more to cover payments of republic pensions, and now the taxmen have taken as much as they could. Had they been able to take more, they would have done so, and in our case they did, just the amount which they took. Who are we to blame that we do not have debts from the past and that we are sound?" lamented the director of that bank yesterday, adding in passing that it is paying 10 times more to fill the holes in the republic budget than what he is still firmly convinced he should have paid. In any case, this banker consented to an interview only provided that his name not be mentioned.

But the regulations actually say that this should have been paid long ago! However, the dispute has just begun between those who paid and those from the Republic Revenues Administration, also using the Settlement Agency to take money from their giro accounts without much discussion. That is, according to the explanation of many bankers to whom we talked, the obligation to pay taxes on this basis arises only when interest being paid out, i.e., the interest which the banks pay on savings deposits or treasury bills that have been issued, exceeds the growth rate of retail prices in a month. According to the records possessed by the Association of Yugoslav Banks, from December of last year up through the present 11th month of this, only in the last two months has interest begun to reach the growth rate of retail prices.

To support this assertion, the banks have neat figures and tables on the growth of their own interest rates and retail prices which show that if anything has been paid late to the Republic Revenues Administration, then that delinquency is not by any means as great as the official taxmen say. In short, the obligation to compute the government's share of the pie—according to the regulations and the way any literate person will presumably read it—came about only two months ago.

What the Regulations Say

Further, in the banks they are wondering why the superspeedy "collection" of revenues for the republic budget was not preceded, as the regulation strictly calls for, by a verification of the settlement of their obligations. Only if it was established that everything had not been paid would the government be able to forcibly collect what belonged to it. For that matter, if anyone in all this really wanted to adhere strictly to the regulations, the banks which are in debt to the state should previously have had to face the fact of all their payments first being prohibited, but this was not done. After all, who would slaughter the chicken that lays the golden egg?

The inspection which should have come first did not occur, nor were the payments stopped of those who were tardy in making their obligations, all that occurred was what the bankers refer to as a "massacre" of the giro accounts of the banks. The lawyers would say: steps were

omitted in due process and funds were simply seized without the appropriate prior action. At the same time, the bankers were told that everything would be honestly returned to them that had been taken in excess. From their past experience, judging by all the states with which they have done business within the framework of this country, the only thing they know for certain at present is that that will not be soon and that in the meantime inflation will have taken its toll on the money that was taken away.

[Box p 11]

Why the Banks Are Keeping Quiet

In the Association of Yugoslav Banks, we were unable, for quite understandable reasons, to learn how many banks, had it been all of them, that within a period of only two or three days forcibly and promptly paid an advance against tax obligations on income from capital. They simply had received reports from only some of the banks, specifically those who were astounded by the manner in which the entire operation and collection of that money were carried out. The total amount collected in that way for the republic budget is, then, not known, but it is assumed that many banks did not report out of the simple logic that they still have gotten off easy and it is not wise to get in a quarrel with the state, especially this closest one, the republic state, and especially not through the newspapers.

For that matter, even in the banks they have long been very aware of the problem of making payments for pensions, the social services, wages and salaries in factories which are not working or very soon will shut down their machines. In short, the social peace of others is in any case peace for the bankers themselves.

Macedonia

U.S. Policy Toward Macedonia Criticized

93BA0207A Skopje PULS in Macedonian 5 Nov 92 pp 13, 32

[Article by Eleonora Karanfilovska: "U.S. Roulette With Macedonia"]

[Text] There may be no specific U.S. interest in Macedonia, and the Republic may be examined more in the context of the Balkan politics of the State Department, in terms of a U.S. line extending north from Greece. This line coincides to some extent with the line of Turkish influence extending from Istanbul to Drach. There remains unanswered, however, the question of why there is need for closing and controlling the line from the Adriatic to the Bosporus.

When the reader is holding this issue of PULS in his hand, the grand spectacle of the electoral campaign in the United States will be over. The new U.S. President will be known. It definitely will not be that "dangerous paranoid," as he has been called in the White House, Ross Perot. Voters will decide between his two rivals, "King George," that is, current President Bush, accused in propaganda rhetoric of having Russian spies infiltrated into his ranks, and "Slick Willy," Arkansas democrat Clinton, who skillfully avoided doing his patriotic duty to go to Vietnam and who has been painted by the rival camp as an entirely inconsistent person who cannot be believed.

In denouncing him, each of the others puts himself in a light that previously would have landed him in a psychiatric ward; after all, in the next four years both U.S. and world policy will be fashioned in the White House. This makes understandable the interest displayed by Macedonia in the results of the election, as well as Macedonia's concern over the final reckoning it will receive as a result of it. There will be no uncertainty regarding the name of the president, but this will scarcely be of any help in predicting with any accuracy the fate of U.S. recognition of the independence of the Republic, especially after the preelection tactical maneuvering, although specific steps could be expected very quickly, regardless of the direction in which they lead. This will depend at any rate on the positions of the future president or of his staff (in the case of Bush, Lawrence of Macedonia Eagleburger, among others; in the case of Clinton, Sideropulos, and Dukakis). But when the votes of the 5 million voters of Greek descent have been cast, greater attention will be given to what at the State Department is termed the national interest in conduct of foreign policy.

And it is precisely the State Department that is taking steps to announce the U.S. position, although not about the name of the Republic. It dispatched officials to Skopje more than a month ago. It is true that they are all still officially diplomats attached to the U.S. Embassy in Belgrade, but, as we have learned, they are to prepare a U.S. mission in Macedonia. In the meantime, on the initiative of President Bush, the idea of sending a monitoring mission to prevent the spread of the war to this are has been brought up and accepted at the CSCE. An experienced diplomat has been appointed head of the small observer group. He was called upon to assume this position personally by Deputy Secretary of State Eagleburger. He has been accompanied by an official from the office of Baker, a young person who nevertheless is thoroughly familiar with Balkan conditions.

The need has been recognized in Washington for a U.S. diplomatic or at least consular mission here, for the purpose of establishing contacts and acquiring source information, rather than doing so through diplomatic centers in adjacent countries. Perhaps an even stronger reason is the existence of a Turkish and a German consulate, but consulates that engage in much more extensive activities than do ordinary consulates. However, one can hardly speak of a specific U.S. interest in Macedonia. The Republic could rather be considered more in the context of the State Department's Balkan policy, which after the change in relationships is based on what was NATO's strategy in the Mediterranean and

is plotted, in a manner of speaking, along a U.S. line north of Greece. This line coincides to some extent with the line of Turkish influence extending from Istanbul to Drach. This accounts for the public statements to the effect that it is a question of coincidence with NATO strategy and interests. There nevertheless remains unanswered the question of why it is necessary to draw and control the line from the Adriatic to the Bosporus.

After the obvious German-Turkish rapprochement, and especially the aid given by Bonn to Ankara in the form of tanks and weapons to be used against the Kurdish rebels in southern Turkey, although this has been criticized in public statements by German politicians, one can surmise that the two countries may also reach agreement about their spheres of interest in the Balkans. During the periods when the United States did not have a military presence and advocated continued existence of the former Yugoslav republics, both Bonn and Ankara had their interest in separate areas—and demonstrated it, along with mutual respect for each other's positions. Germany would have access to the Mediterranean by way of the Adriatic through Slovenia and Croatia, and along with the Turkish influence in Albania Turkey would secure a strategic advantage over Greece by means of a presence north of it.

After France took steps on its own initiative in Bosnia and Hercegovina, immediately after the Lisbon summit, the United States decided on a similar course. President Bush decided to dispatch the Sixth Fleet to the entrance to the Adriatic, this securing a continuing military presence for the United States in the Mediterranean, after the increasingly frequent efforts by some European countries to assume a political role in Europe (something that was approved by the European Community under a CSCE mandate), but also to take political control, and even carry out military intervention, not by NATO but by the West European Union, even though a mechanism did not as yet exist for that purpose.

Since it was demonstrated that the European Community was blocking the political decisions (the German insistence on recognition of Slovenia and Croatia and the Greek effort to thwart recognition of Macedonia), decisions that an effort was made to offer for Bosnia and Hercegovina as well, and since without adequate mechanisms the decisions could be neither imposed nor monitored, the United States again entered Europe through the front door, for the time being only to a certain extent and while withdrawing from certain areas, under the Europe '92 project. The U.S. comeback was made through the CSCE, through the mechanism of which it previously had apparently withdrawn.

Now, through the CSCE mechanism, the U.S. diplomats in the Republic of Macedonia drafted a document regulating their stay and work at the Coordinating Center in the City of Skopje for the purpose of consideration of development of the borders of the host country with Serbia. The host country is used to designate the so-called Terms of Understanding that are to be accepted by the two countries. In connection with them the committee of high officials of CSCE will approve and announce the chief of the mission in which the former Yugoslav republic of Macedonia is designated as the host country. If we disregard our sensitivity about the name, later on in the document we note that there is mention of a government and government representatives of the host country. We learn that Greece exerted strong pressure in the CSCE against acceptance of this position by the Conference toward Macedonia as a country and insisted that it be treated only as a territory. What prevailed was the CSCE and NATO assessment that further existence of the Republic in the unresolved status of an unrecognized country increases the risk of war.

This also answers the question of the borders of Macedonia, especially that of the still purely administrative northern borderline with Serbia, or the Federal Republic of Yugoslavia, something that might lead to border incidents with wider complications. The assessment is that the civil concept adopted by the Republic of Macedonia, through both the Constitution and laws and the subsequent democratization with international assistance, would be a bar to the Islamization that would occur with the increase in the percentage of Muslim inhabitants to take place in the coming years. The continuance of Macedonia as a sort of province or republic within the Federal Republic of Yugoslavia, to which, as we have learned, consideration has been given even by the CSCE and which would be a concession to Athens as well as to Belgrade, would confront the Republic with fundamentalism. Even more so since in such a case the major aid that Turkey is currently providing the country would be diverted to the Muslim element, as is the case with Bosnia.

In the event of a peaceful solution this could entail subsequent isolation and economic exhaustion such that, it is believed, Macedonia might consider some form of alliance with the Federal Republic of Yugoslavia.

But in the event of outbreak of war assessments are made by strategists in a broader context including involvement of neighboring countries. In a situation in which Macedonia does not have sufficient weapons or adequate armed forces with with to respond to any Serbian aggression or intervention, other neighbors, even remote ones, might intervene, on the grounds of concern and desire to provide aid.

Consequently, recognition of the Republic of Macedonia, including arrival at a compromise regarding the name (possibly by addition of the words Central Balkan Republic of Macedonia), is regarded as a solution that would contribute to ending the military operations in the former Yugoslav regions. As a result, the borders of the Republic would be internationally recognized and guaranteed, something that would avoid any occasion for conflict. With observers positioned on all the borders of Yugoslavia, the latter would be sealed off and the war

would be diverted to an area in which there would be no tendency for it to spread and the conflict would accordingly be controlled.

The joint chairman of the conference on the former Yugoslavia, Cyrus Vance, also spoke in his report to the Security Council about the possibility of destabilization of this region. Although he does state that "there is the danger of spread of the war into the province both of Kosovo and of Macedonia," thereby placing Kosovo and Macedonia on an equal footing, now, only two weeks later, in connection with the views of acceptance of Macedonia into the United Nations, he is expressing the hope that this will happen and then states that he will do everything in his power to have things move in this direction.

Possibly for this reason there was no coincidence in the announcement by Yugoslav Prime Minister Milan Panic about the mutual recognition this week of the Republic of Macedonia and the Federal Republic of Yugoslavia and the April resolution of the Federal Assembly that Yugoslavia has no territorial claims but that it will recognize the former Yugoslav republics at the end of the peace process under the sponsorship of the European Community. Consequently, the action taken by Panic is qualified as an arbitrary act, and Belgrade does not accept it. With excessive emotion and speed, messages were sent to Athens reaffirming the authenticity of Serbian-Greek friendship. Historic importance was attached in Greece to Milosevic's message. Something similar occurred in Serbia with last week's visit of members of the Greek-Serbian Friendship Society in Serbia. Seselj [Serbian Radical Party head], a follower of Milosevic, in a meeting with them stated the need for cooperation on a common territorial border between Serbia and Greece, for which purpose he proposed partition of Macedonia among the four adjacent countries. A similar idea was expressed by Vuk Draskovic, and the head of the delegation, Aristidis Musionis, taking it literally, on Belgrade television referred to Macedonia as a Vardar Territory of Serbia. He even managed to attend the joint meeting of the so-called Srpska Republic and the Srpska Krajina Republic in Prijedor. On this occasion Musionis, entirely in the spirit of the statement to the effect that the dinosaurs disappeared because they attacked the unarmed Serbian people, proclaimed that "the Greeks know that the Serbs are a pround and heroic people who are defending the entire Balkans and Orthodoxy throughout the world. Inasmuch as we know that the Serbs and Greeks are alone in defending the Balkans, we have resolved to develop relations with the friendly Serbian people and to help this people in its need, we being aware of the just struggle in which your people is engaged." It comes as no surprise to learn that when this society was formed in September, retired Greek admiral Andonis Naxios stated that there was an organization of former officers of the Greek land, air, and naval forces at the disposal of the Serbian Government and the Serbian people.

While the Serbs "were defending Yugoslavia," wars broke out in Slovenia, and then in Croatia, and then in Bosnia and Hercegovina. It is a terrifying thought that the Serbs are playing a dual role, that indeed they "are defending the Balkans and Orthodoxy throughout the world."

Consequently, a call for a "holy war," and soon, is not impossible. The "winter disaster" in Bosnia-Hercegovina about which a warning has been given is forcing the international community to open humanitarian corridors for aid and to reduce the number of victims of war and hunger. Achievement of a "winter truce" is also a possibility. Consequently, Belgrade must react more quickly than will the international community; otherwise it will be faced with armed civilian reservists, often under no control, as an additional burden on an economy already suffering from high unemployment and an international blockade. It is difficult to avoid civil war with an unstable political system. Distraction of attention, that both of the public at home and the world public, is a well-tried stratagem. The way out is a new focal point. Hence it is no coincidence that there is talk of conflict in Kosovo, although it is difficult to imagine Milosevic risking a conflict in his own territory, something that also carries with it the threat of war inside the country.

Consequently, a solution could easily be Macedonia, with a provoked conflict between the Serbian and the Albanian population here, in the Skopska Crna Gora Mountains. The mechanism of "protection of the endangered Serbian people, wherever it may be" would then be set in motion. The undefined border between the two countries makes this easier. On the other hand, this would enable Serbia to employ armed civilians and to concentrate troops and weapons in the industrial eastern part of Kosovo, it being possible to drive the Albanians, from two thirds of the province, which is predominantly agricultural. Even then there would be negotiations about what will be inevitable under international pressure, an autonomous, or as the Albanians phrase it, a neutral Kosovo, open equally to Serbia and to Albania.

The Republic of Greece also has supported the joint strategy of nonrecognition of the Republic of Macedonia, and again because of internal necessity. Semipublic, semisecret reports of a meeting and talks about problems directly with Skopje have recently become more frequent. Not out of a desire for a solution, of course, but as a prearranged tactical move after the announced retirement of Samaras, whereby the appearance of a possibility of fall of the Mitsotakis government is created before the public and the world. Any talks between Athens and Skopje, or even the announcement of such talks at a meeting and immediately after the U.S. election and before the European Community summit in Edinburg, would create the appearance of a detente. This is something that could lead to a solution and something for which Greece would again ask for time and a postponement.

However, both Milosevic and Mitsotakis are in a race against time. Now that there is no longer any need for playing tactical games with the voters, and the coming presidential campaign is far off, and any sins will be forgotten until then, one may expect moves by the U.S. administration with respect to the overall situation here. It is for this reason that new wars are breaking out in the former Soviet Union. And there is the area where Russia should commit itself and reduce its interest in the Balkans, where its zone of influence could be the new line of penetration by Germany through Serbia and Greece to the Mediterranean. And then the U.S. Drach-Skopje-Sofia-Istanbul line is opened. Under these conditions Greece can only play the part of the "appendix" of the Balkans. And Europe? It could finish there, at the end of 1992, where it should have begun what has been mapped out.

Kosovo

Serb Army Movements, Reinforcements Reported

AU1412122192 Tirana ATA in English 0954 GMT 14 Dec 92

[Text] Tirana, December 14 (ATA)—The ATA coworker [correspondent] reports from Pristina:

Kosovo lives between bloody peace and open conflict, being provoked by the Serb authorities. Three Albanians murdered in Pristina, Vushtri and near Gjakova bordering Albania as well as some Albanians wounded. This is the tragic balance of terror and repression of the Serb military police regime against the Albanians in Kosovo recently.

As reported there are enormous concentrations of Serb military forces in the border between Kosovo and Albania, while the army and police stir up provocations, maltreat and make house searches in many centers of Kosovo such as in Lug of Baran, Peja district, in Mitrovica, Viti, Decan, Istog, etc. This week in the center of Pristina the army provoked incidents firing on a group of youngsters. There were movements of enormous Serb Army forces from Mitrovica in the direction of Vushtri and Skenderaj, in Junik of Decan, etc.

The coordinating council of the assemblies of the Kosovo communes in the last meeting judged that the political situation and security in the Republic of Kosovo is alarming and that Serbia is striving by all manner of means to stir up conflict. Under such a situation it is necessary to put Kosovo under international protection, because the wise and peaceful attitude of the Albanians alone is not enough to prevent the conflict.

At a regular press conference in the Democratic League of Kosovo, Dr. Ibrahim Rugova, president of the Republic of Kosovo, reported that he officially appealed to the international institutions to send peacekeeping forces to Kosovo in order to prevent bloodshed as it happened in Bosnia and Croatia.

Otherwise the situation in Kosovo will aggravate more and more with the approach of December 20 elections in Serbia, in which the Albanians will not take part.

Vojvodina

New Oil Deposits Boosts Petroleum Production

LD1412180692 Belgrade TANJUG in English 1352 GMT 14 Dec 92

[Text] Novi Sad, Dec 14 (TANJUG)—The oil industry of Serbia (NIS) on Monday [14 December] fulfilled its annual plan of oil production, recording a five-percent-[word indistinct] the production in 1991, TANJUG has learned.

Yugoslavia produced 1,103,200 tonnes of oil from its deposits in the Serbian Province of Vojvodina, with 250,000 tonnes of oil from Angola where Serbian firms have concessions, NIS representatives said.

The 1992 oil production in the Federal Republic of Yugoslavia will meet only 25 percent of the country's annual needs, Yugoslav experts said.

Oil imports were suspended after the U.N. Security Council on May 30 imposed economic and political sanctions on the F.R. Yugoslavia, because of its alleged involvement in the war in Bosnia-Hercegovina.

The U.N. Sanctions Committee has not yet replied to a request by Yugoslav Prime Minister Milan Panic that oil for the heating of schools, hospitals and nurseries be exempted from the embargo.

According to NIS reports, Yugoslavia's daily production of oil before the sanctions was 3,067 tonnes, while 3,270 tonnes at present. The production rose thanks to new oil deposits at Turija-Sever in Vojvodina.

In late November, NIS fulfilled its annual plan of gas production with 780 million cubic metres of Gas.